United States Court of Appeals

for the Second Circuit

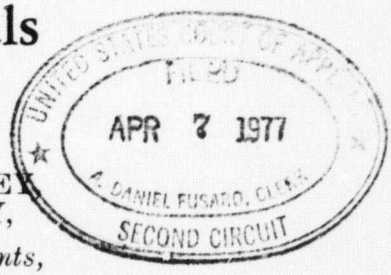
EXHIBITS

ORIGINAL

76-7600

United States Court of Appeals

FOR THE SECOND CIRCUIT



J. P. FOLEY & COMPANY, INC., JOHN P. FOLEY, JR., ANNE A. FOLEY, and ANITA SALISBURY,

Plaintiffs-Appellants,

against

NEW YORK STOCK EXCHANGE, and AMERICAN STOCK EXCHANGE,

Defendants-Appellees.

B
P/S

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

EXHIBIT VOLUME

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PLAINTIFFS' EXHIBIT 1

ADVERTISEMENT, FEBRUARY 16, 1969

Inter St. Jr
2/16/70

- We are pleased to announce:

the establishment of our newest office
905 American National Bank Building
Chattanooga, Tenn. 37402
(615) 267-7604
Mr. George S. Bryan, Resident Manager

▲

Mr. Matthew Morgan
Vice President and Director
will represent us on the floor
of the American Stock Exchange

▲

Mr. Gerald Handschu, Analyst
Office Equipment and high technology Industries

Mr. Robert Lewis, Analyst
Electronics and Aerospace Industries

Mr. Vincent Candiano, Analyst
Building Products Industry

Mr. Mark Guibas, Market Technician
have joined our Research Department Staff

▲

the establishment of our
Options Department
Mr. Jerome Weinberg, Manager
Mr. Jay Soloff, Asst. Manager

BLAIR & CO., INC.

Founded 1890
Member New York Stock Exchange
and other principal exchanges
Offices coast-to-coast

20 Broad St., New York, N.Y. 10005 (212) 344-4000

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

The accompanying statement of financial condition of Blair & Co., Inc. at September 26, 1969 represents a combination of the respective statements of financial condition of its two divisions, Blair, formerly its only operations, and Schwabacher, acquired during the year.

We have examined the statement of financial condition of Blair Division of Blair & Co., Inc. at September 26, 1969 (not shown separately). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except that, as explained in Note 1, the scope of our examination was restricted to the books and records of Blair Division and did not include a determination as to whether or not there were financial transactions recorded in the books and records of Schwabacher Division which affected its Blair Division.

In our opinion, except for such adjustments, if any, as may have resulted without the limitation of our examination, described above, and subject to the possible effect of the liabilities and accountabilities of Schwabacher Division on the financial condition of Blair Division, the statement of financial condition mentioned in the preceding paragraph presents fairly the financial condition of Blair Division of Blair & Co., Inc. at September 26, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statement of financial condition of Schwabacher Division at September 26, 1969 (not shown separately) was prepared by the Company. Inasmuch as we did not make an examination of it in accordance with generally accepted auditing standards nor of any of its financial transactions since June 27, 1969 (referred to below), we express no opinion thereon. We did examine a statement of financial condition (as set forth in its Answers to Financial Questionnaire) of the Schwabacher Division at June 27, 1969 and reported thereon under date of August 15, 1969. That examination was made on the same basis and our opinion was qualified with respect to the same matters as described above for the Blair Division.

Inasmuch as we did not make an examination in accordance with generally accepted auditing standards at a single date for both Blair Division and Schwabacher Division, whose individual statements of condition are combined in the accompanying statement of financial condition of Blair & Co., Inc. at September 26, 1969, as explained above, we are unable to express an opinion thereon. It is our opinion, however, that the combined statement has been properly compiled.

Arthur Young & Company

December 5, 1969

"we enter our 80th year with confidence..."

The period of adjustment that followed our merger with Schwabacher & Co. has just about ended and many benefits—to our company and to our clients—are now becoming apparent.

Our Research Department has been expanded: our Portfolio Review Department has been established: we have made a number of important changes in our computer-oriented Operations Department to improve the many essential services it provides: our Investment Banking and Underwriting Department has been expanded and we have established a new Options Department.

Blair & Co. is now functioning as **one** firm whose primary objective is to provide services reflecting the highest professional standards. We enter our 80th year with confidence that we will meet this challenge.

Oliver De G. Vanderbilt
Chairman of the Board

James B. Ramsey, Jr.
President

BLAIR & CO., INC

Member New York Stock Exchange and other principal exchanges

Offices coast to coast

Our 80th year of service to investors

FINANCIAL REPORT as of September 26, 1969

BLAIR & CO., INC.

Founded 1890
Member New York Stock Exchange
and other principal exchanges
Offices coast-to-coast

20 Broad Street, New York, N.Y. 10005 (212) 344-4000
CABLE ADDRESS: OCRIALB

FINANCIAL STATEMENT OF BLAIR AS OF SEPTEMBER 26, 1969

PLAINTIFFS' EXHIBIT 2

E - 2

BLAIR & CO., INC.
STATEMENT OF FINANCIAL CONDITION
September 26, 1969 (*)

ASSETS

Current assets:	
Cash on hand and in banks	$ 3,425,522
Cash in banks segregated under the Commodity Exchange Act	10,582
Certificates of deposit	1,400,000
Clearing funds and other deposits	289,710
Receivable from other brokers or dealers against delivery of securities and on open commodity accounts	12,169,913
Receivable from customers on secured accounts and current cash transactions	53,312,293
Securities owned by Firm—at market value:	
U.S. Government, state and municipal	3,422,735
Other	3,565,114
Demand notes contributed as capital—collateralized by cash and securities	22,022,000
Securities contributed as capital under subordination agreements—at market value	1,009,621
Miscellaneous current assets	840,049
Total current assets	101,467,539
Other assets:	
Exchange memberships—at market value	1,776,950
Furniture, fixtures and leasehold improvements (less depreciation and amortization)	2,595,639
Deferred charges and prepaid expenses	517,689
Miscellaneous	1,701,442
	$108,059,259

LIABILITIES

Current liabilities:	
Borrowings on securities—bank loans	$ 42,169,000
Payable to other brokers or dealers against receipt of securities	12,308,328
Payable to customers:	
Secured accounts and current cash transactions	11,238,978
Free credit balances	14,530,885
Equities in commodity accounts	94,418
Securities sold by Firm, not yet purchased—at market value	985,288
Dividends and interest payable	698,238
Other accrued expenses and accounts payable	3,477,084
Total current liabilities	85,502,219
Capital and subordinated borrowings (Notes 2 and 3):	
Subordinated borrowings (net of $3,908,989 receivable from owners of business acquired) (Note 1)	22,092,278
Capital stock and surplus less deficit	464,762
	22,557,040
	$108,059,259

(*) Audited to the extent indicated in report of certified public accountants. See accompanying notes.

NOTES TO STATEMENT OF FINANCIAL CONDITION
September 26, 1969

Note 1:
Effective February 28, 1969, Blair & Co., Inc. acquired the business (certain assets subject to certain liabilities) of another member firm (now Schwabacher Division). Under certain provisions of a purchase and escrow agreement covering the acquisition, an account receivable was established for the excess of liabilities assumed over assets acquired and for registered subordinated debenture notes and common and preferred stock issued to owners of the business acquired, most of whom became officers and/or directors of Blair & Co., Inc. At September 26, 1969, after adjustments to that date, the amount of the receivable was $3,908,989; this amount is subject to further adjustment. The Company anticipates that the receivable will ultimately be satisfied by the proceeds of liquidations of subordinated secured demand note collateral contributed by certain of the parties. Accordingly, this amount has been deducted from total subordinated borrowings in the accompanying statement of financial condition.

In order to facilitate an orderly combination of the businesses, accounts relating to the business acquired were examined by certified public accountants at June 27, 1969, and those of Blair Division at September 26, 1969 (see Report of Certified Public Accountants).

At September 26, 1969, Blair Division's assets, liabilities, subordinated borrowings and capital stock and surplus less deficit aggregated $58,294,158 (including $4,610,253 net receivable from Schwabacher Division which has been eliminated in the accompanying statement), $41,957,498, $12,881,065 and $3,455,595, respectively.

Note 2:
Capital stock and surplus in the accompanying statement of financial condition is shown after the deduction of $475,000, the book basis of the Company's investment securities which may require registration under the Securities Act of 1933 in order to make them marketable in the ordinary course of business. In the opinion of the Company's management, these securities currently have a value in excess of their book basis.

Note 3:
Subordinated borrowings ($22,517,767 in the accompanying statement), of which $20,810,000 has been borrowed from stockholders, includes $1,400,000 cash which was repaid in November 1969 and $250,000 cash and securities with an approximate market value at September 1969 of $1,700,000, which are scheduled to be repaid or returned at various dates through April 1970.

The Company has repurchased certain of its capital stock for $85,000, of which $45,000 was transferred to subordinated borrowings. Effective October 31, 1969, capital stock is to be repurchased for 8% subordinated notes (subordinated borrowings). Notes aggregating $1,200,000 due in October and November 1970 have been or are in the process of being issued in connection with repurchases since that date. In addition, convertible subordinated debenture notes (subordinated borrowings) in the amount of $250,000 were issued for cash subsequent to September 26, 1969.

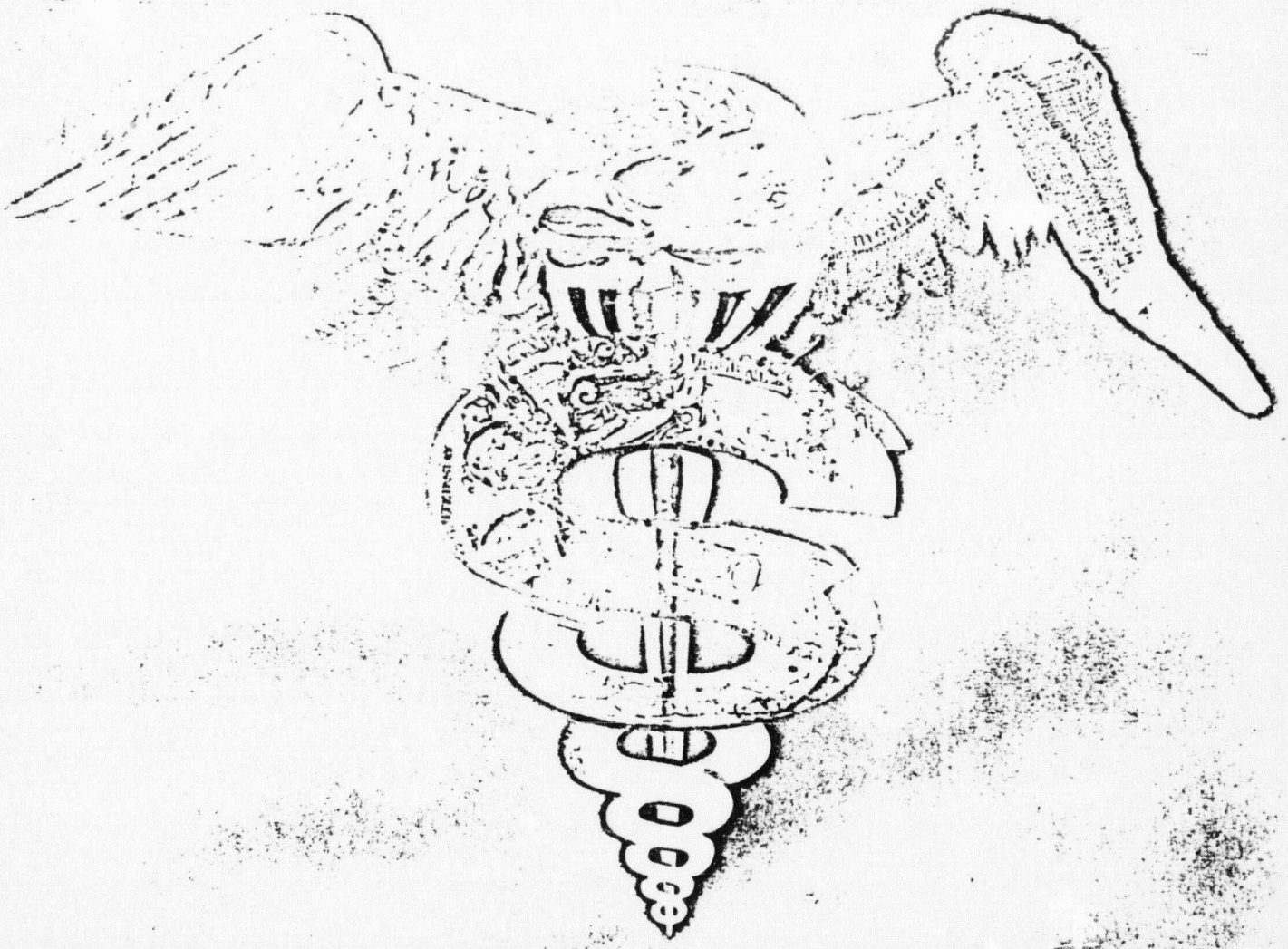
E-3 Plaintiff's Exhibit 2

E 4

PLAINTIFFS' EXHIBIT 3

BUSINESS WEEK ARTICLE

Business Week



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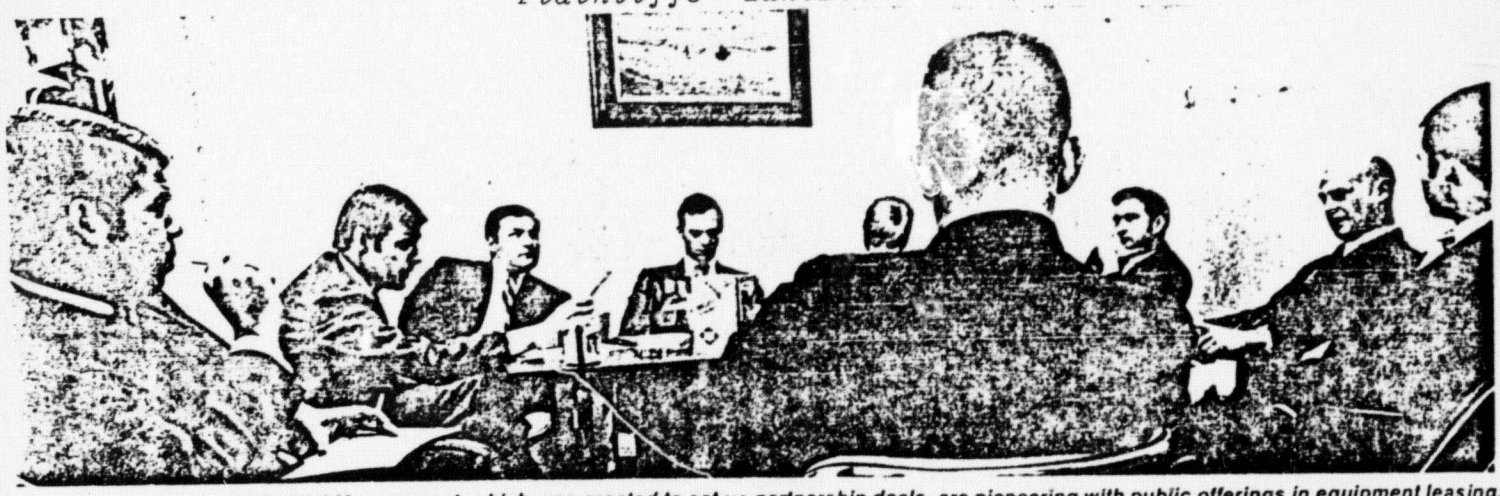
Plaintiffs' Exhibit 3



Officers of Capital Management, which was created to set up partnership deals, are pioneering with public offerings in equipment leasing.

FINANCE

Investing with 'tax dollars'

Limited partnerships have attractions beyond Wall Street

The limited partnership has long been a favorite device on Wall Street. It is the way many brokerages and investment banking houses are organized. In recent years, though, a new use has been found for limited partnerships - as a vehicle for deals involving the sale and lease-back of equipment as well as investments in oil wells, cattle, and the like.

Used this way, partnerships have enabled rich insiders of the financial community to save on income taxes and pile up money. Now smaller investors may get a chance to do the same.

Such investment banking houses as Blair & Co. have started to offer "participations" in some deals to the public. If the idea catches on, the firms expect to sell participations side by side with stocks, bonds, and mutual funds.

How it works. The attraction of the limited partnership is that it combines the limited-liability feature of an investment in corporate stock with the tax advantages of a partnership. Unlike corporations, partnerships do not pay a separate tax on their incomes. The partners simply report their pro rata share of earnings or losses as part of their own incomes. In an ordinary partnership, each partner is fully liable for all the debts of the firm. In a limited partnership, the liability of some of the participants is limited to a stated amount, and in this respect the limited partner is on the same footing as the shareholder in a corporation.

By law, any partnership must have some general partners who assume the duties of running the business and, at least theoretically, bear full liability for its debts. In the version now popular on Wall Street, officers of the investment banking firm serve as general partners and outside participants become limited partners, each risking only the amount that he invests.

Participations in limited partnerships have been publicly offered by just a few of the investment banking houses. Blair's Philadelphia subsidiary, Capital Management Corp., was set up several years ago by Oliver DeGray Vanderbilt, the firm's chairman, to create private partnership deals. Now it is pioneering with public offerings of equipment leasing partnerships.

Other firms, including Bache & Co. and Bear, Stearns, have come out with oil well drilling ventures. Other houses are expected to go public with similar deals in the next few months.

Catching on. To a large extent, the investment bankers have been inspired by the public's growing enthusiasm for public oil funds similar to Colorado Corp.'s Imperial-American Resources Fund. These funds, some 120 of which already exist or are planned, really are limited partnerships that have become a major source of financing for small independent oil companies. Investment bankers think they should have this kind of financing business.

Oliver DeG. Vanderbilt seeks new ways to finance ventures via partnerships.

In the typical limited partnership, 20 or 30 investors put up from $5,000 to $100,000 (and generally $20,000 or less for public participations). The partnership then borrows heavily from a bank and buys, say, an airplane for lease to an airline. Partners share in the heavy interest costs and accelerated depreciation of the early years to cut their personal income taxes.

If a partnership begins to show a profit, an investor can use his tax savings to invest in another partnership and thus create another tax shelter. He may, of course, be content to take his profits. In addition, the equipment may be sold for a handsome sum at the end of the rental deal. The partnerships exist only for the life of each deal - anywhere from three to 15 years.

Choices. The type of deal varies widely. Capital Management last year offered 500 participations at $20,000 each in its equipment leasing program. The company has many types of equipment leasing programs "on the shelf" and reserves the right to invest the customer's money and to set the terms. Thus investors do not know in advance about the particular deal they are getting into. The deals themselves are acquired from so-called lease originating companies, specialists in finding companies in need of financing anything from railroad cars to electric power plants.

The lease originating companies, among them Philadelphia's Systems Capital Corp. (17% of which is owned by Vanderbilt and his family), arrange to borrow from banks, mutual savings associations, insurance companies, or pension funds in behalf of the partnership. The equipment owned by the partnership is collateral for the loans.

Capital Management was set up originally as Vanderbilt Corp. in 1963. In 1968 it was reorganized in its present form with all of its voting stock owned by Blair. Other stock is

E 6

Plaintiffs' Exhibit 3

Limited partners risk only the amount they invest

held by Vanderbilt and other officers of the company. Vanderbilt has staffed the company with young men, such as Michael R. McClurg, 29, who runs Capital Management day-to-day.

The bulk of the company's business is still finding large investors for privately established limited partnerships, but it is reportedly finding the public participation business profitable. The company picks up income in several ways. It gets a $1,500 commission on every public participation sold, which is deducted from the partners' contribution. In addition, the company takes a share of fees paid by the partnerships to the lease-originating companies for their services. There also is an annual administration fee paid over the life of each partnership. In some of its oil drilling programs, the company supplies equipment and receives rental income and royalty payments based on the productivity of the wells.

Attractions. Demand for Capital Management's deals has come as much from big corporations that lease equipment as from the investors themselves. The high cost of bank credit and bond issues has led more and more companies to lease rather than buy.

Capital Management's latest scheme, offered privately, is a "subchapter S" corporation that provides venture capital to small young companies. The corporations take their name from the section of the tax law that describes them and are simply more flexible versions of a limited partnership. Each is limited to 10 participants.

In a recent deal, such a corporation raised $645,000 to finance the research and development of a new computer disc for Computer Communications, Inc., of Inglewood, Calif. The principal business of the new corporation is to disburse money to CCI. Since its income, which is derived from interest on the funds contributed by the partners, will probably be less than the payouts to CCI in any given year, the company will show losses. If CCI never makes a go of the disc file, the subchapter S corporation will disband and investors will have their tax savings. If CCI succeeded, on the other hand, the corporation could be kept alive long enough to reimburse investors and with interest. It could also be merged into CCI or go public and sell stock.

"If deals financed conventionally flopped," says McClurg, "an investor could grow old recouping his losses. We think it makes more sense to finance high-risk ventures with tax dollars rather than hard dollars." ■

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E 7

Plaintiffs' Exhibit 3

CAPITAL MANAGEMENT CORPORATION

Headquarters: Twelfth Floor, 1700 Market Street
Philadelphia, Pennsylvania 19103
Telephone: (215) 564-3960

West Coast Division: Pennsylvania Capital Management Corporation
Fifth Floor, 1801 Avenue of the Stars
Century City
Los Angeles, California 90067
Telephone: (213) 553-1933

An Affiliate of Blair & Co., Inc. • Founded 1890
Member, New York Stock Exchange

E 8

PLAINTIFFS' EXHIBIT 4

LETTER CMC, FEBRUARY 9, 1970

capital management corporation

A SUBSIDIARY OF BLAIR & CO., INC. • FOUNDED 1890 • MEMBER NEW YORK STOCK EXCHANGE

OLIVER DeG. VANDERBILT
PRESIDENT

Capital Management Corporation (CMC) is a corporate affiliate of Blair & Co., Inc. under Rule 321 of the NYSE. 100% of its voting stock is owned by stockholders of Blair & Co.

It is our intention to establish CMC as a holding company under which initially selected, and eventually perhaps all operating departments of Blair will be incorporated as separate major controlled operating divisions. It is possible that one or more other member firms may be included under this holding company concept.

The first step is that CMC will acquire from Blair for cash Blair Advisory Co. which has a contract to manage Blair Fund, an in-house mutual fund. This cash payment will be made immediately despite the fact that Blair Fund shareholders' approval of this transaction cannot be secured until the Fund Shareholders' Meeting scheduled for April 21.

Additionally, CMC intends to purchase for cash a portfolio of investment letter stocks now owned by Blair.

Further, to help Blair's capital position, CMC may purchase and lease back to Blair certain furniture, fixtures, and leasehold improvements now owned by Blair.

To improve Blair's profit position, CMC, through a back-office systems and management company, is structuring a joint venture to which Blair will contribute its back-office operation and personnel, thus relieving Blair of substantial overhead and expense.

To finance the above proposals and to make available to Blair additional capital, if needed, CMC will initially borrow the money and/or sell shares of its stock on a private placement basis to members of the Blair organization and/or to outsiders.

Following this, CMC, the holding company, intends to register certain of its shares and to offer such shares for sale to the public.

ODV:am
February 9, 1970

12TH FLOOR • 1700 MARKET STREET • PHILADELPHIA, PA. 19103 • PHONE: (215) LO 8-5900

E 9

PLAINTIFFS' EXHIBIT 5

BROCHURE ON CMC

(215) LO 8-5960

OLIVER DeG. VANDERBILT
President

capital management corporation
12TH FLOOR • 1700 MARKET STREET • PHILADELPHIA, PA. 19103

Capital Management Corporation

E 10

Plaintiffs' Exhibit 5

Capital Management Corporation

Headquarters: 12th Floor, 1700 Market Street, Philadelphia, Pennsylvania 19103 • Telephone (215) 564-3960

West Coast Division: Pennsylvania Capital Management Corporation
5th Floor, 1801 Avenue of the Stars, Century City, Los Angeles, California 90067 • Telephone: (213) 553-1933

An Affiliate of Blair & Co., Inc. • Founded 1890 • Member, New York Stock Exchange

E 11

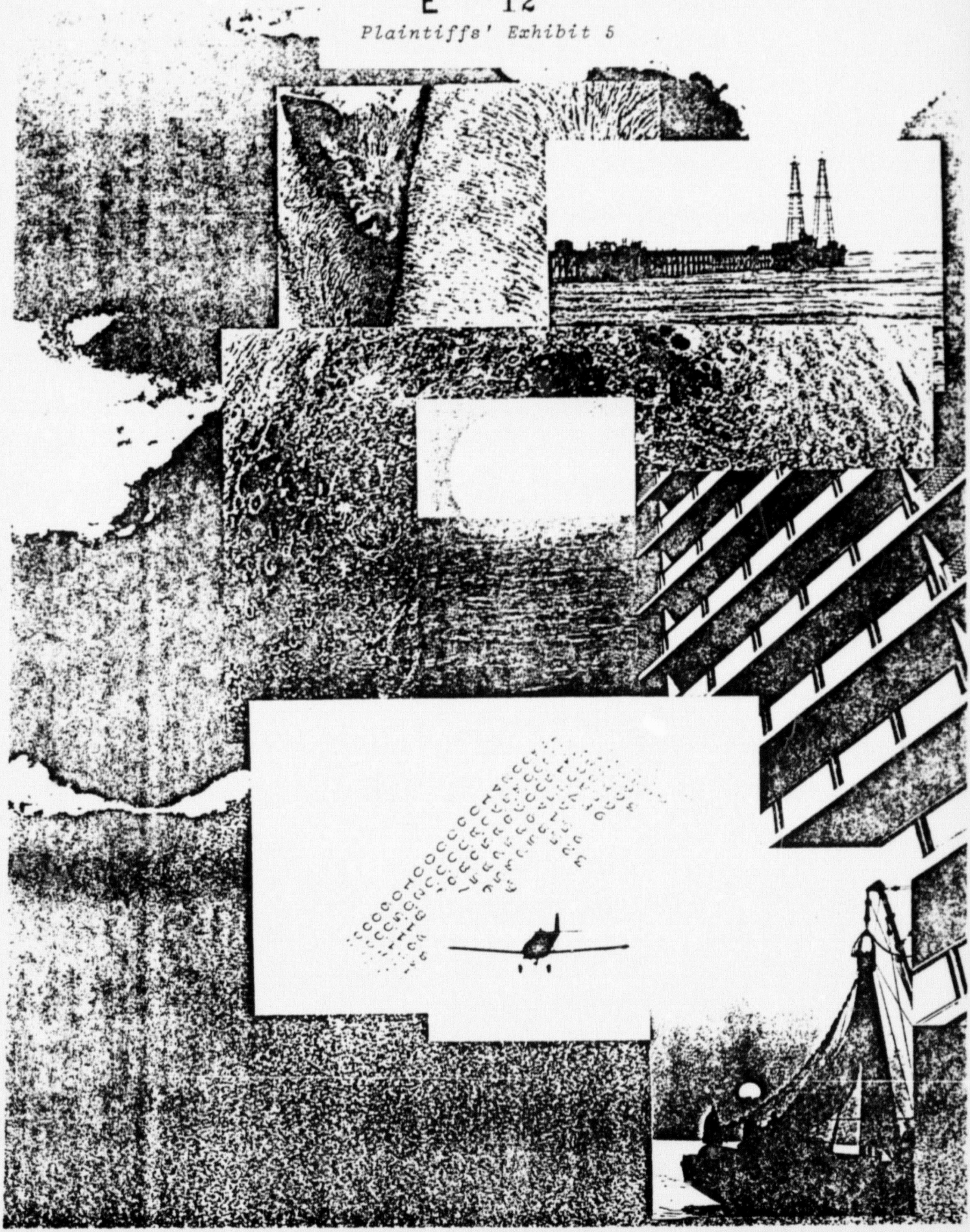
Plaintiffs' Exhibit 5

The New View:

a brief description of the services offered by Capital Management Corporation.

E 12

Plaintiffs' Exhibit 5



E 13

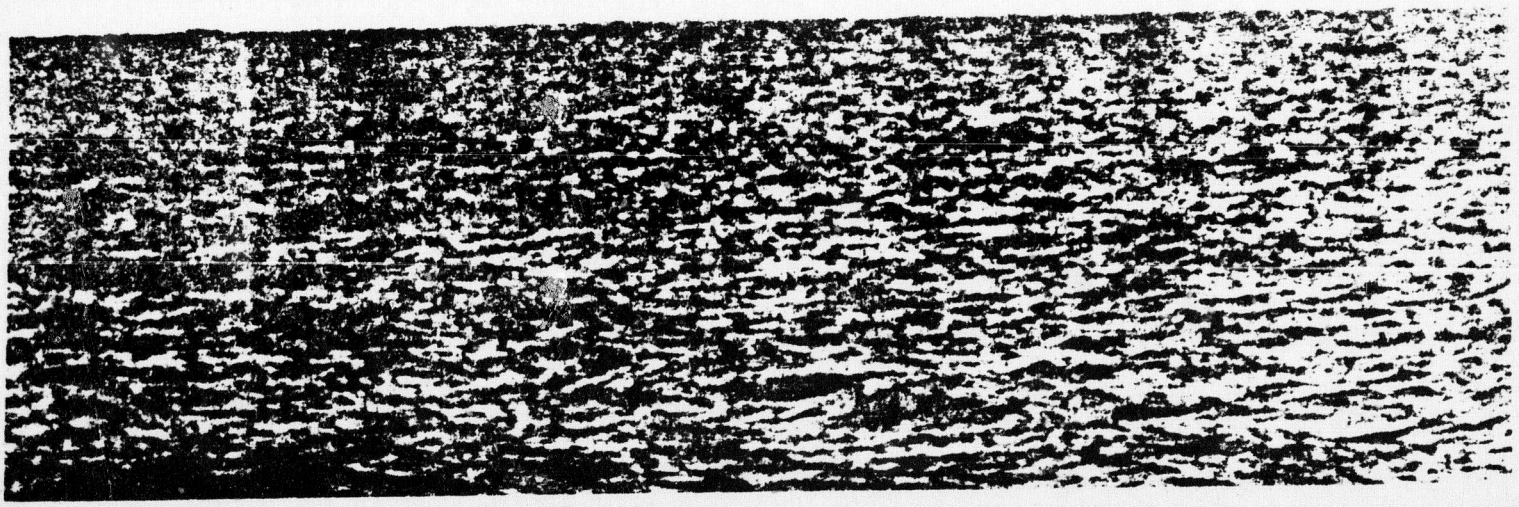
Plaintiffs' Exhibit 5

The New View:

A Breakthrough

Capital Management Corporation was created in response to a recognized need in our economy for an organization possessing special expertise in creating, originating, managing and administrating economic programs in areas of the economy in which the federal government encourages investment through tax incentives.

CMC has created and instituted such programs to serve two worthwhile purposes. The first is that of providing companies in various industries with favorable methods of financing as alternatives to conventional methods. The second is that of providing higher-income individuals with special higher aggregate yielding economic investment opportunities.

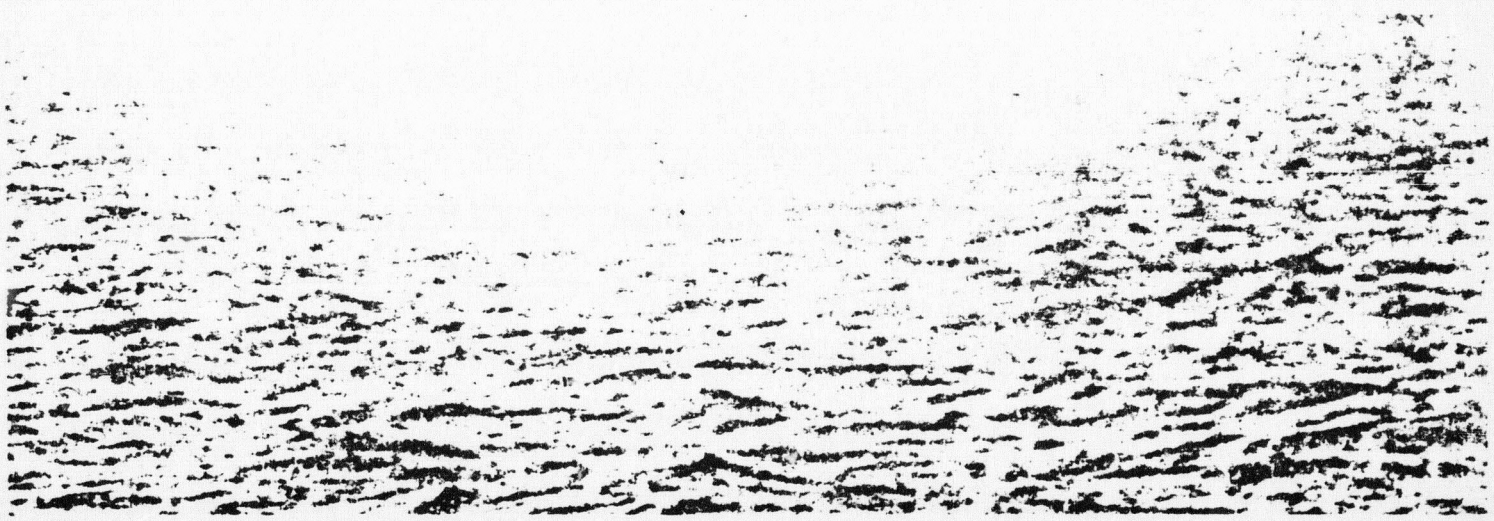


The New View:

Pioneering Concepts

Within the framework of our tax laws, the federal government provides favored tax treatment for certain areas of economic activity. The purpose is to stimulate development of such areas by increasing yield to encourage investment in such activities.

Since 1962, Capital Management Corporation (and its predecessor companies) has pioneered programs for economic growth within these areas of activity. CMC's programs to date have involved equipment leasing, oil and gas discovery and development, agriculture, real estate development, and the financing of computer software development. CMC's involvement has also extended to venture capital financing for research, development, and market testing and penetration. Each of these programs provides higher economic profit potential as a result of some type of preferred tax treatment.



E 15

Plaintiffs' Exhibit 5

The New View:

Horizons Unlimited

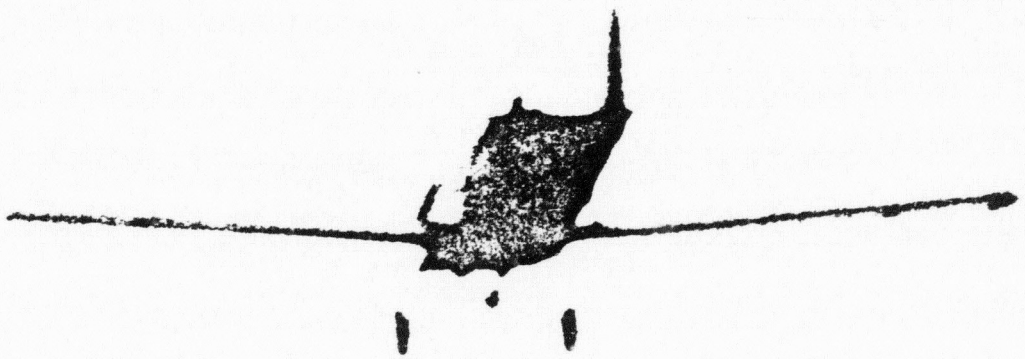
CMC is unique in its field. It is believed to be the only company in the country that has instituted a wide range of innovative tax-preferred investment opportunities through a creative, highly trained and experienced management team offering wide flexibility in its program concepts.

This flexibility enables CMC to offer to its clients new investment opportunities that currently exist or that may arise through its innovation, through changes in legislation or through technological developments.

To the extent that CMC's response time is reduced and that its organizational capability centralizes substantial accumulations of venture capital, CMC contributes to the enterprise system by the conversion of legislative intent to operational reality.

E 16

Plaintiffs' Exhibit 5



E 17

Plaintiffs' Exhibit 5

The New View:

Equipment Leasing Program

Under this program Capital Management Corporation forms and administers limited partnerships which acquire and lease such equipment as electronic data processing systems (computers), community antenna television systems (CATV), propeller driven and jet aircraft, marine craft, automated machine tools, railroad rolling stock, and total energy systems.

A participation in this program is attractive for individuals in the 50% or higher income tax bracket because the partnership passes on to each participant (on a percentage basis of his participation) substantial tax losses during the early years of the leases. Such losses are principally the result of rapid rate depreciation of the leased equipment and can be deducted from the personal income tax return of each partner. In later years, losses diminish and eventually taxable income becomes attributable to each partner. In addition, a participation offers opportunity for realization of economic income upon the final disposition of the leased equipment at the expiration of the related leases.

Each partnership generally contributes toward the cost of equipment between 5% and 20% of such cost. The balance of equipment cost is obtained from lending institutions. Because of the quality of the equipment and the credit worthiness of the lessees, the financing is arranged so that the obligations to the lending institutions are neither a liability of the partnership nor of the individual partners.

These obligations are fully amortized during the original lease period from the lease payments. All proceeds realized from the sale or releasing of the equipment (residual values) are distributed directly to the partners. In addition to the residual values and liquidity provided in the early years as a result of utilizing optional rapid rate depreciation arrangements, the partners can also expect to receive an annual cash flow on their investment.

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Plaintiffs' Exhibit 5

The New View:

Agriculture Programs

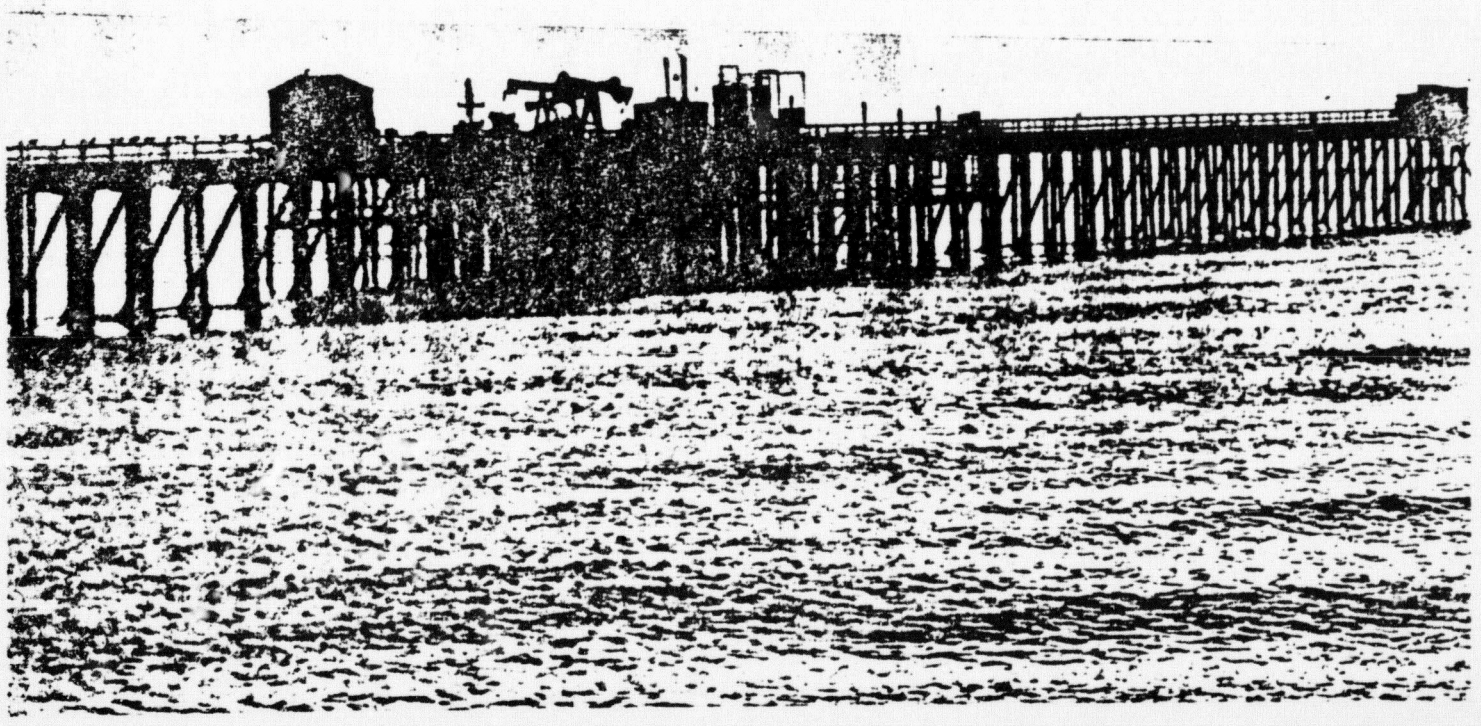
Capital Management Corporation is becoming increasingly active in agriculture and related areas. To date, CMC has provided investment opportunities in cattle and hog feeding programs and programs for production of high quality breeding hogs.

CMC pork production programs feature a unique cross-breeding and selection process for development of the breeding herds. Historically this has resulted in a lower percentage of loss due to death and relatively higher yields of quality pork in the market hogs produced.

The objective of the pork production program is to mass produce high quality uniform market hogs for packing companies. A typical pork production program begins with a breeding herd of 330 gilts (females) and 10 boars (males). Certain offspring from this herd are selected and combined into twenty-one additional breeding herds which are placed with farmers in a designated geographical area. Each of these additional herds will be bred to produce market hogs for sale to a nearby packing company.

Because a substantial number of the hogs produced by the original herd are selected for further breeding rather than for market, operating expenses will normally exceed income during the first four years of the program. Thereafter, income is projected to exceed expenses

and provide a corresponding cash flow. In addition, because the breeding herds are produced within the program rather than purchased, the actual market value of the herds should substantially exceed the investment by the limited partners.



E 20

Plaintiffs' Exhibit 5

The New View:

Oil and Gas Development Programs

CMC also forms and manages limited partnerships which enter into joint ventures with oil and gas producing companies. Such ventures provide oil and gas companies with drilling and development financing as an alternative to conventional financing. Higher tax bracket individuals who invest in these programs are provided more security and thus less risk than is inherent in the usual oil and gas investment.

Each partnership contributes drilling and development capital while the co-venturing operating company contributes oil and gas production to the venture. To the extent that profits are allocated on a preferred basis to the partnership, the result is lower risk for the partners. Through partnership borrowings, collateralized by the contributed production, the real investment by the partners may become negligible.

All dollars contributed to the venture by a limited partnership are deductible as expended and therefore provide each limited partner with a 100% tax deduction in the first year of participation. The limited partner's capital contribution is his only liability for drilling, completing and equipping oil and gas properties. Each partnership is allocated the majority of the venture income until it has received its capital contribution plus a moderate pre-tax return. Thereafter, the partnership receives a fraction of venture income; since some of the properties drilled by each venture may be "wildcat" properties which, if successful, will produce large sums of income, the partnership may have an opportunity for a modest speculative gain. Because of the federal tax depletion allowance, a percentage of all gross income received by each partnership will be tax-free, thus increasing the attractiveness of yield.

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Plaintiffs' Exhibit 5

The New View:

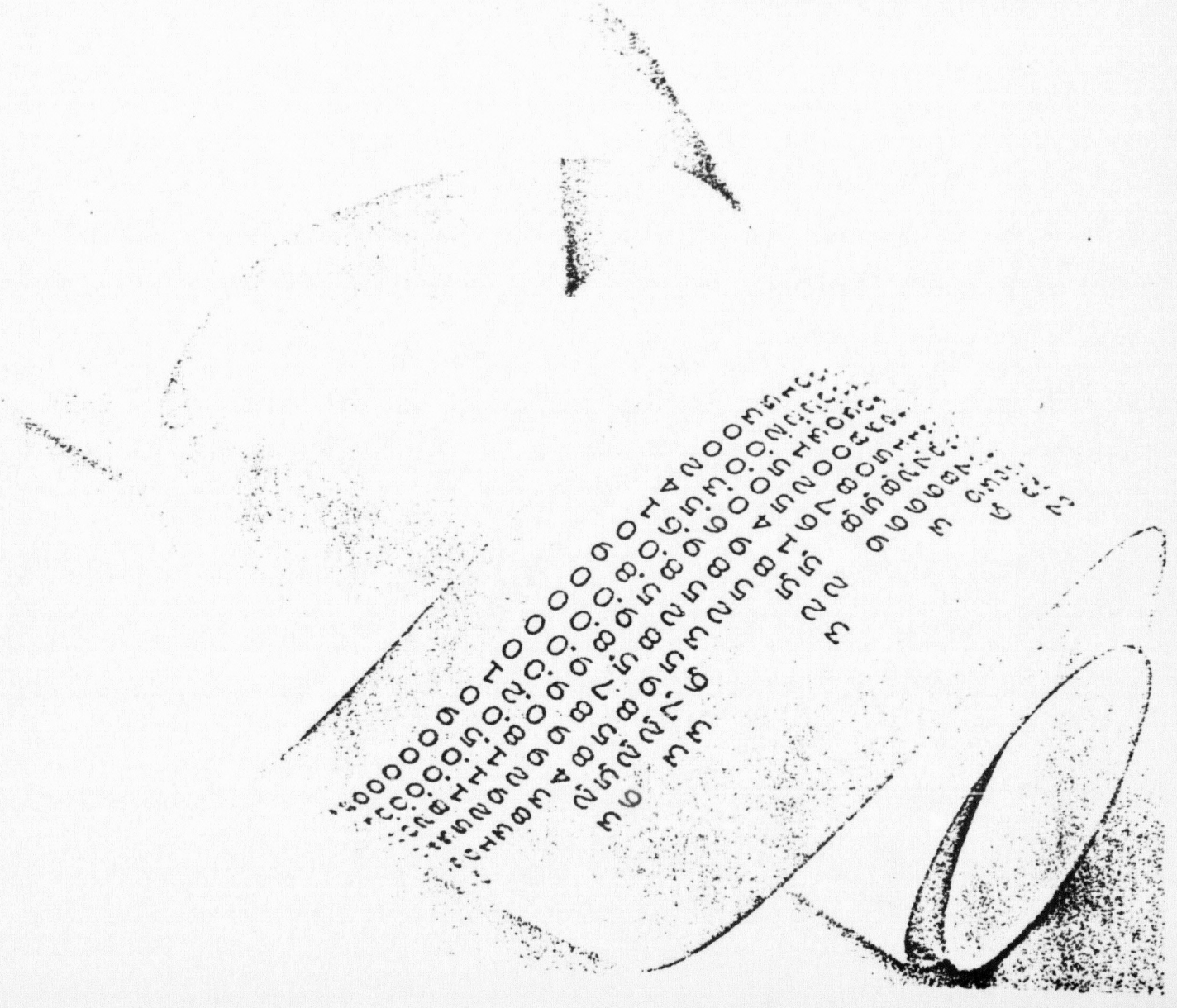
Venture Capital for Research and Market Development

Business enterprises with above average economic potential can provide attractive financing and investment opportunities. CMC initiates and arranges financing for business enterprises as a favorable alternative to conventional financing methods. Such enterprises include existing companies with new products requiring research and development and/or marketing support.

The financing entity for each enterprise is either a corporation electing to be taxed as a partnership or a limited partnership, either of which is capitalized with funds from CMC clients.

It is expected that the initial operations of each enterprise will result in tax losses. The attractiveness of an investment in each enterprise is enhanced by allocation of initial losses to investors on a pro rata basis. Such losses will be claimed in the year incurred by the investors on their individual federal tax returns.

At a point where each enterprise becomes profitable, profits can, by election, be taxed at the corporate level rather than the individual level. Thus, the investors have made an equity investment in an enterprise with promising potential at essentially a net of tax cash cost.



E 22

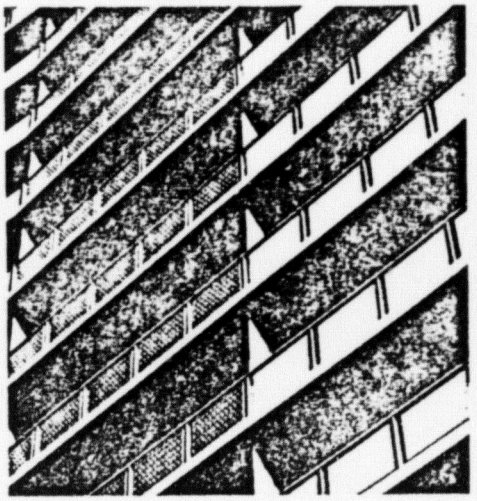
Plaintiffs' Exhibit 5

The New View:

Real Estate Programs

Capital Management Corporation's real estate activities include the development, sale and leaseback and general ownership of office buildings, apartments, shopping centers, plant and manufacturing facilities and urban renewal and rehabilitation projects.

While CMC does not engage in the day-to-day operations of the subject real estate, it does supervise and administer to the owning entity.



Specially designed programs provide the higher-income individual with flexibility in achieving specific economic goals, coupled with higher yield resulting from preferred tax treatment. Further efforts are made to minimize normal risk through utilization of a highly selective investment process.

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Plaintiffs' Exhibit 5

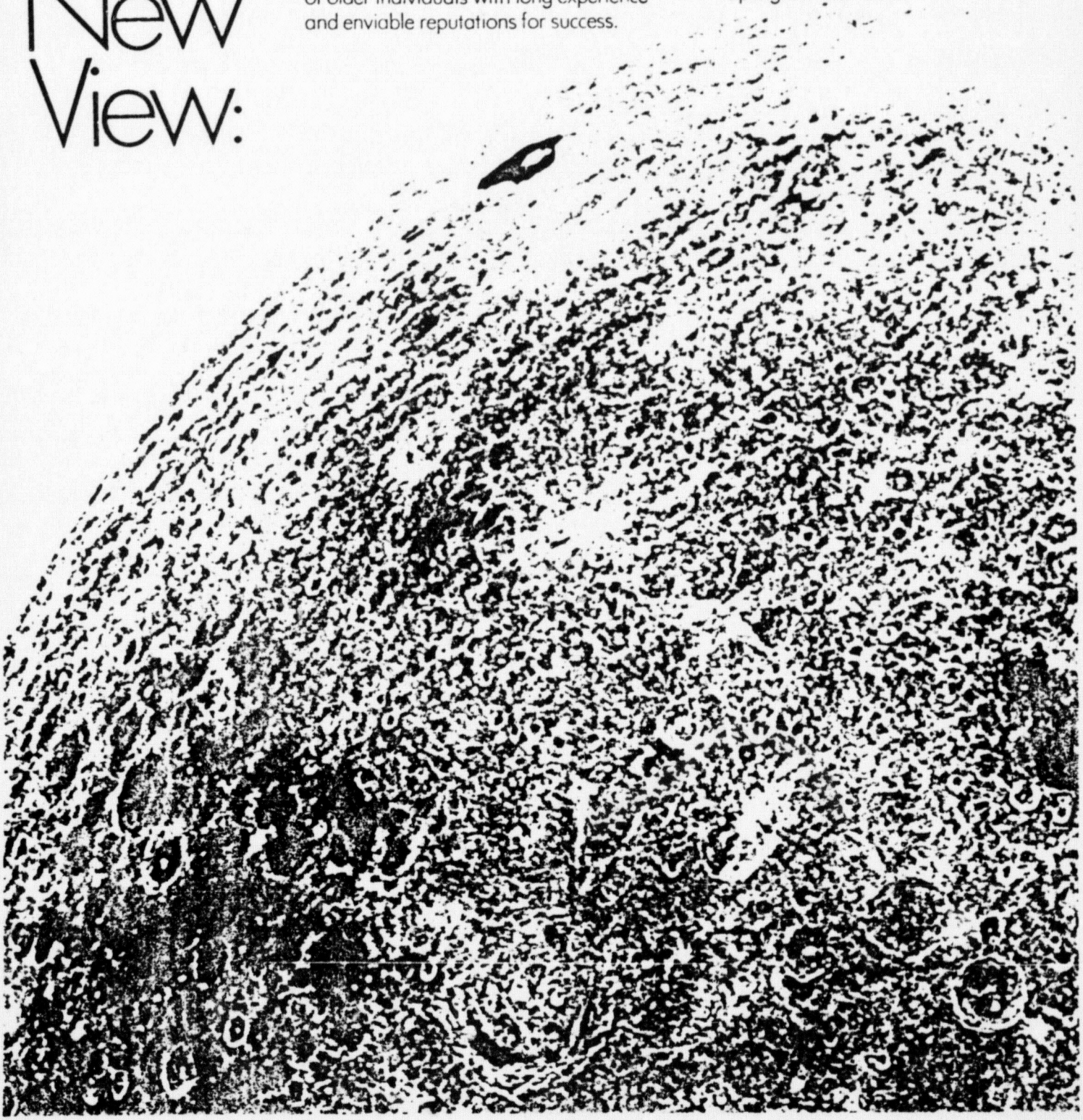
The New View:

Imagination Unlimited

CMC plans and implements its concepts and programs through the impetus and imagination of a capable management team. Maturity is provided by a nucleus of older individuals with long experience and enviable reputations for success.

Freshness and creativity come from the younger men, each with special training and experience in key areas.

The energy and judgment generated by this group have been vital factors in the rapid growth of CMC.



E 24

Plaintiffs' Exhibit 5

E 25

Plaintiffs' Exhibit 5

The New View:

Oliver DeG. Vanderbilt

President, Director, Member Executive Committee. Chairman of the Board of Directors, Blair & Co., Inc.; Chairman of the Board of Directors, The Vanderbilt Corporation.

Michael R. McClurg

Executive Vice President of Operations, Director, Member Executive Committee. Previously with Wm. E. Pollock & Co., Inc.; former member of the Corporate Finance Department, Blair & Co., Inc.

William L. Haeberle

Executive Vice President of Planning and Development, Director, Member Executive Committee. Member of Indiana University Faculty since 1946; currently Professor of Management and Director of Executive Programs in the Graduate School of Business. Active for 20 years as a corporate consultant.

John J. Diak

Vice President and Treasurer. Formerly Senior Accountant in the Philadelphia office of Arthur Young & Company.

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Plaintiffs' Exhibit 5

The New View:

James G. Hirsh, Esq.

Vice President, General Counsel, and Secretary. Previously with the Philadelphia law firm of Duane, Morris and Heckscher; more recently served as General Attorney with Systems Capital Corporation.

Sandy M. Singer, C.P.A.

Vice President responsible for CMC's West Coast division. Previously a manager in the tax department of the Beverly Hills office of Price Waterhouse & Co.; more recently Director of Corporate Taxes with the Larwin Group Companies.

Charles A. Ballard

Vice President. Formerly Assistant to the President and member of the acquisition committee of New England Industries, Inc.; more recently served as Vice President with Systems Capital Corporation.

Richard E. Woosnam, Esq.

Assistant Vice President. Formerly was engaged in the private practice of law; more recently a member of the Tax Department in the Philadelphia office of Price Waterhouse & Co.

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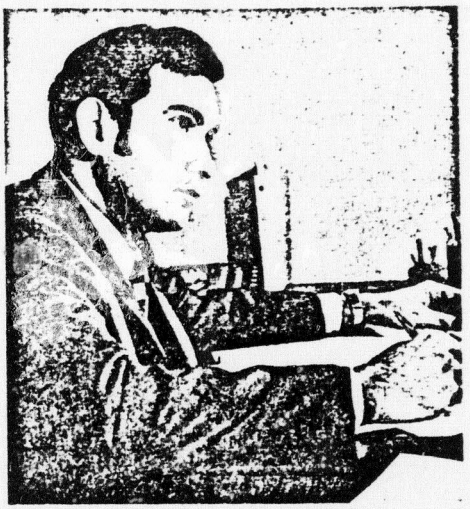
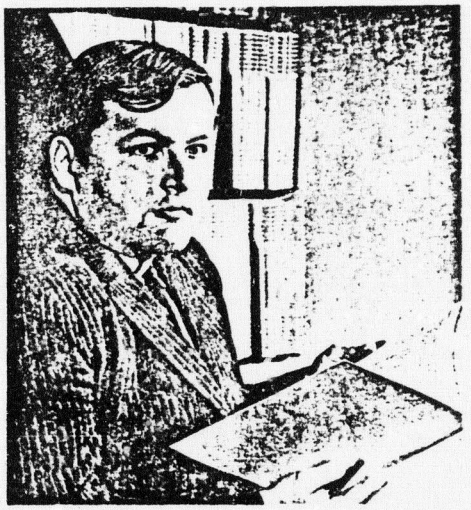
Plaintiffs' Exhibit 5

The New View:



Thomas C. Lanchoney, C.P.A.

Assistant Vice President. Previously Senior Accountant in the Philadelphia office of Price Waterhouse & Co.; served as Controller with Procacci Bros. Sales Corp.; more recently Assistant to the Treasurer with Safeguard Industries.



William R. Pietz, Esq.

Assistant Vice President. A recent graduate of the Indiana University School of Law; was Editor-in-Chief of the Law Journal.

Vincent Anthony Carbonar, Esq.

Assistant General Counsel. Formerly Assistant International Counsel with Smith Kline & French Laboratories.

John S. Brittain, Esq.

Director. Partner in the Philadelphia law firm of Morgan, Lewis & Bockius.

Bruce K. Anderson

Director. Formerly Assistant to the President, Blair & Co., Inc. Currently an independent corporate consultant.

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Plaintiffs' Exhibit 5

The New View:

investment and financing innovations for companies and unusually successful individuals.

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Plaintiffs' Exhibit 5

Capital Management Corporation

Headquarters: 12th Floor, 1700 Market Street, Philadelphia, Pennsylvania 19103 • Telephone (215) 564-3960

West Coast Division: Pennsylvania Capital Management Corporation
5th Floor, 1801 Avenue of the Stars, Century City, Los Angeles, California 90067 • Telephone: (213) 553-193

An Affiliate of Blair & Co., Inc • Founded 1890 • Member, New York Stock Exchange

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PLAINTIFFS' EXHIBIT 6

CHRONOLOGICAL HISTORY OF BLAIR

BLAIR & CO., INC.

(A Chronological History)

The name "Blair" has been identified with "Wall Street" since 1890 when John . Blair, then 90 years old, organized a partnership under the name of Blair & Co. to conduct a general banking and securities business. The firm carried on as private bankers and brokers and dealers in securities until April, 1920, at which time its business was combined with that of William Salomon & Co. under the name of Blair & Co., Inc.

William Salomon & Co. was organized as a partnership about 1902 by William Salomon, who was a direct descendant of American Revolutionary War financier, Hyamm Salomon. This firm was a member of the New York Stock Exchange and did a national business through offices in the principal cities of the United States and an international business through its affiliated partnership, Salomon & Co. (London) Ltd., with offices in London and on the Continent. After the merger of Salomon and Blair, the name of the foreign affiliate was changed to Blair & Co. (London) Ltd.

The new firm prospered and grew in size and importance in the underwriting and distribution of securities. Through an affiliate, Waller & Co., a partnership, who were members of the New York Stock Exchange, they did a general brokerage business. Through another affiliate, Blair & Co., a partnership, a general banking business was carried on. This latter firm had at one time over 1,400 correspondents throughout the world who issued and honored its travellers checks. It also did a regular banking business, such as carrying checking accounts, time deposits, acting as coupon and dividend-paying agents, etc.

This business continued under the name of Blair until May, 1929, when the securities business was acquired by The Bancamerica Corporation (the securities affiliate of the Bank of America, N. A. of New York) whose name was then changed to Bancamerica-Blair Corporation. The banking business of Blair & Co. was acquired by the Bank of America N. A. of New York. The acquisition of the Blair business was done through the issuance of stock of Bank of America N. A. of New York Bancamerica-Blair Corporation then became the securities affiliate of that Bank. The Bank of America N. A. was then controlled by Transamerica Corporation, of which Mr. Elisha Walker became President at the time of the merger and Mr. Hunter S. Marston was named President of Bancamerica-Blair Corporation.

In November, 1931, the Bank of America N. A. was purchased by The National City Bank of New York, at which time the securities affiliate, Bancamerica-Blair Corporation was separated from the Bank. Control of Bancamerica-Blair Corporation was held by Transamerica Corporation.

In January, 1937, Transamerica distributed to its stockholders, as a dividend its holdings of Bancamerica-Blair Corporation stock, resulting in the Corporation then being owned by over 90,000 stockholders.

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Plaintiffs' Exhibit 6

In February, 1939, the Corporation changed its name back to its original form of Blair & Co., Inc., continuing to operate under that name until December, 1947. At that time, due to the Corporation having acquired various subsidiaries, it changed its name to Blair Holdings Corporation and organized a new subsidiary under the name of Blair & Co. Inc., which acquired the securities business of Blair Holdings Corporation.

In January, 1950, Blair & Co. Inc. acquired the business of E. H. Rollins & Sons, Incorporated (originally organized in 1876), at which time the name of the Corporation was changed to Blair, Rollins & Co. Incorporated.

In August, 1954, when the firms of Ames, Emerich & Co., Inc. (Chicago) and Geyer & Co. Incorporated (New York) were purchased by the Corporation, the name was again changed, this time to Blair & Co. Incorporated.

In November, 1956, Blair Holdings Corporation sold to Joshua A. Davis, Emmons Bryant and James J. Sullivan, all of the Capital Stock of Blair & Co. Incorporated, which separated, for the first time in many years, the securities business, for which Blair had originally been organized, from the various other business activities of Blair Holdings Corporation.*

In November, 1963, Blair & Co. Incorporated and Granbery, Marache & Co. merged to form Blair & Co., Granbery, Marache Incorporated.

In April, 1966, the corporate name was again changed back to Blair & Co., Inc.

In September, 1966, the business of P. W. Brooks & Co. was acquired by Blair & Co., Inc.

**

James J. Sullivan

April, 1967

*After disposing of Blair & Co., Blair Holdings still owned First of California Corp., Pepsi Cola Bottling of Los Angeles and other businesses. Subsequently, First of California was sold and Blair Holdings changed its name to Pepsi Cola United Bottlers. Finally, the latter was merged into Rheingold Corporation.

**The business of Schwabacher & Co., California was acquired by Blair & Co., Inc. on February 28, 1969.

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PLAINTIFFS' EXHIBIT 7

LETTER BLAIR TO FOLEY, APRIL 3, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N. Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
GRANERMAR
Telephone
DI 4-4000

April 3, 1970

Mr. John P. Foley, Jr.
50 East 42nd Street
New York, New York 10017

Dear Sir:

We refer to (a) the agreement, of even date herewith, between the undersigned ("Blair") and you wherein, subject to the terms and conditions set forth therein, Blair has this day granted to you options to purchase from Blair shares of capital stock of Blair (the "Blair Option Agreement") and, pursuant to Section 3 of the Blair Option Agreement, Blair may in the future grant additional options to you to purchase other shares of capital stock of Blair (said options being herein called the "Section 3(a) options"), and (b) the agreement, also of even date herewith, between Blair, you and, to the extent set forth therein, Capital Management Corporation ("CMC") under which, subject to the terms and conditions set forth therein, Blair has this day granted to you options to purchase from Blair 40,000 shares of Class A Common Stock of Capital Management Corporation (the "CMC Option Agreement") and, pursuant to Section 6 of the CMC Option Agreement, CMC may in the future grant rights to you to purchase additional shares of capital stock of CMC (said rights being herein called the "Section 6 rights").

The second paragraph of Section 3(a) of the Blair Option Agreement excludes from the Section 3(a) options,

> ". . . [S]hares of capital stock issued or sold pursuant to exercise of the Options; and shares of capital stock issued or sold pursuant to the exercise of options to purchase not more than 22,800 shares of $4 Preferred Stock and not more than 90,400 shares of Common Stock which may be issued or sold to lenders of senior capital to Blair prior to July 15, 1970

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Plaintiffs' Exhibit 7

> pursuant to option agreements either substantially similar (except as to the amounts of equity securities and senior capital involved) to this Agreement or the terms of which shall be determined in good faith by the Board of Directors to be not less favorable to Blair than the terms of this Agreement . . ."

The second paragraph of Section 6 of the CMC Option Agreement excludes from the Section 6 rights,

> ". . . [S]hares of capital stock issued or sold pursuant to the exercise of the Options; or pursuant to the exercise of options to purchase Common Stock which options may be issued to lenders of senior capital to Blair prior to July 15, 1970 pursuant to option agreements substantially similar (except as to the amounts of equity securities and senior capital involved) to this Agreement . . ."

The shares so excluded from the Section 6 rights are also excluded from the operation of Section 4 of the CMC Option Agreement, which, to the extent provided therein, protects the Optionee against certain dilutive events, by reason of Section 4(b)(iv) of the CMC Option Agreement. Terms used in this letter which are defined in the Blair Option Agreement and CMC Option Agreement shall have the same meanings in this letter as defined in said Agreements.

The following is a description and enumeration of those arrangements which shall be deemed to be included within the above quoted provisions of the Blair Option Agreement and CMC Option Agreement and Section 4(b)(iv) of the CMC Option Agreement:

> 1. Blair may grant options to purchase Units, Preferred Units and shares of Class A Stock of CMC to a lender of senior capital at the rate of one Unit, 1.12 Preferred Units and 12.5 shares of Class A Stock for each $781.25 of net capital value under Rule 325 of the Board of Governors of the New York Stock Exchange represented by loans made by such lender to Blair upon terms substantially similar to those set forth in the Blair Option Agreement, CMC Option Agreement and the Collateral Agreement referred

to therein (including the granting of options comparable to the Section 3(a) options and rights comparable to the Section 6 rights); or

2. Blair may grant to any such lender of senior capital, in lieu of the options referred to in 1 above, options to purchase one unit (consisting of four shares of Voting Common Stock and one share of $4 Preferred Stock) at a price of $29 per unit at the rate of one such unit for each $260.41 of net capital value under Rule 325 of the Board of Governors of the New York Stock Exchange represented by loans made by such lender to Blair upon terms substantially similar to those set forth in the Blair Option Agreement and the Collateral Agreement referred to therein (including the granting of options comparable to the Section 3(a) options); or

3. Such other arrangements as may be agreed to between Blair and you.

If the foregoing is acceptable to you, please so indicate by signing this letter in the space indicated below, whereupon this letter shall be a valid and binding Agreement of you and Blair.

Very truly yours,

BLAIR & CO., INC.

By B. H. Hepburn
Vice President

Accepted and confirmed, this
3rd day of April, 1970.

John P. Foley, Jr.
John P. Foley, Jr.

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PLAINTIFFS' EXHIBIT 8

LETTER BLAIR & FOLEY TO CMC, APRIL 3, 1970

April 3, 1970

Capital Management Corporation
1700 Market Street
Philadelphia, Pa. 19103

Dear Sirs:

We refer to that certain Agreement, of even date, among the undersigned and you, relating, among other things, to the grant by Blair & Co., Inc. ("Blair") to John P. Foley, Jr. ("Foley") of an option to purchase 40,000 shares of your Class A Common Stock. In connection therewith and in consideration of your entering into said Agreement, we wish to confirm to you our understanding as follows:

1. Upon termination of the Options, Blair agrees that, if it then owns any shares of Class A Stock purchased by it from you as contemplated under Section 8 of the Agreement, Blair will forthwith sell such shares of Class A Stock to you at the same price at which said shares were purchased by Blair from you.

2. Blair agrees to reimburse you on account of any additional costs that may be incurred by you in connection with the inclusion, pursuant to Section 9 of the Agreement, in any registration statement of shares of Class A Stock owned by Foley.

3. Foley agrees that nothing contained in Section 9 of the Agreement permits, or is intended to permit, the inclusion of Foley's shares of Class A Stock in a registration statement where the registration statement relates to the registration of convertible securities or securities (other than Common Stock) with warrants attached.

All terms used herein which are defined in the aforesaid Agreement are used herein with the same mean-

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Plaintiffs' Exhibit 8

ing assigned to them in the Agreement. By the execution and delivery of this letter, the undersigned intend to be, and are hereby, bound by the agreements set forth hereinabove.

BLAIR & CO., INC.

By B. H. Hepburn
Vice President

John P. Foley, Jr.
JOHN P. FOLEY, JR

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PLAINTIFFS' EXHIBIT 9

COLLATERAL AGREEMENT, APRIL 3, 1970

New York, N. Y.

Date: April 3, 1970

BEST COPY AVAILABLE

Blair & Co., Inc.
20 Broad Street
New York, N. Y. 10005

COLLATERAL AGREEMENT

Dear Sirs:

I. General. The undersigned has executed in favor of you, Blair & Co., Inc. (the "Corporation") a Secured Note of even date in the form of Annex I hereto. As used herein, the term "Note" shall mean such Secured Note, as such note may be modified from time to time and any note substituted therefor in accordance with the terms hereof; and the term "Indebtedness" shall mean the unpaid principal amount of the Note.

II. The Collateral. As security for the payment of the Indebtedness, the undersigned hereby pledges to the Corporation the securities and cash, if any, described in Schedule A annexed to the Note, as such Schedule A may from time to time be amended in accordance with the terms hereof. As used herein, the term "Securities" shall mean the securities so described in Schedule A, and the term "Collateral" shall mean the securities and any cash or other property at any time pledged hereunder.

III. Ownership and Property Rights with Respect to Collateral. The undersigned shall have the following rights and obligations with respect to the Collateral, subject in all respects to the rights of the Corporation as the pledgee of the Collateral, as set forth herein and in the Note (including Paragraph XI (b) and (c) hereof, and prior to any liquidation as therein provided):

(a) General. The undersigned shall have and retain full legal and beneficial ownership of the Collateral and shall have the benefit of any increases and bear the risk of any decreases in the value of the Collateral. The undersigned shall have the sole right to vote or consent with respect to the Securities; shall have the sole right to any income therefrom or distribution thereon by payment of interest or

dividends or otherwise, subject, however, to the right of the Corporation to receive and hold as pledgee all dividends payable in securities and all partial and complete liquidation dividends; and shall pay all taxes or other charges assessable by any governmental or taxing authority against him, upon or with respect to such Securities or the income therefrom or distributions thereon or the gain or loss of value thereof.

(b) Purchases and Sales of Collateral. The undersigned shall have the right at any time and from time to time to direct the sale of any of the Securities, and to direct the purchase of securities with any cash included in the Collateral; provided, however, that the net proceeds of any such sale and the securities so purchased shall be received and retained by the Corporation as Collateral for the Note; and provided further, that no such transaction shall be permitted without the consent of the Corporation if the effect thereof will be to reduce the capital requirements value (as hereinafter defined) of the Collateral. The undersigned shall have the right to pledge additional cash or securities as Collateral. As used herein, the term "capital requirements value" shall mean the net value of property for the purposes of computing Net Capital under Rule 325 of the New York Stock Exchange (as that Rule is now in effect or as amended from time to time).

(c) Withdrawal or Substitution of Collateral. The undersigned shall have the right at any time and from time to time to withdraw the whole or any part of the Collateral; provided that he substitutes at the same time as such withdrawal, cash or securities or both having a capital requirements value at least equal to the capital requirements value of the Collateral so withdrawn.

IV. Payments with Respect to the Note. The Corporation promises to pay to the undersigned, or his designee, an amount computed at the rate of three percent per annum of the Average Market Value of the Collateral. Such payments shall be credited to the undersigned as of the last day of each month, and shall be paid to the undersigned, or his designee, not more than ten days after the end of each quarter-year accounting period of the Corporation, as such period shall from time to time be determined by the Corporation. As used herein, the term "Average Market Value" of

the Collateral shall mean the average of (x) the market value of the Collateral at the end of the month for which such determination is made and (y) the market value of the Collateral at the end of the preceding month.

V. Withdrawal of Note. (a) Basic Withdrawal Right. Subject to the conditions herein provided, the undersigned shall have the right, at any time after thirty months after the date hereof and prior to a demand by the Corporation for payment of the Note, to withdraw the Note and the Collateral. Such withdrawal shall be effective at the expiration of six months after the end of the month in which written notice thereof is given to the Corporation by the undersigned, or at such earlier date as the Corporation may specify in writing.

(b) Other Withdrawal Rights.

(A) Definitions. For the purposes of this Paragraph V(b) the following terms shall have the respective meanings given below:

(1) "Original Capital" shall mean the sum of $21,750,000.

(2) "Determination Date" shall mean any date, after February 28, 1970, at or as of which a computation is being made for purposes of this Paragraph V(b).

(3) "Determination Period" shall mean the period commencing on March 1, 1970 and continuing to and including the Determination Date.

(4) "Adjusted Capital" shall mean the sum of

(i) the Original Capital;

(ii) the aggregate amount (at the borrowing date) of subordinated borrowings considered as capital under Rule 325 of the Board of Governors of the New York Stock Exchange made by the Corporation during the Determination Period; and

(iii) any net increase in the capital stock and surplus accounts of the Corporation for the Determination Period;

minus the sum of

(iv) the aggregate amount (at the bor-

rowing date) of subordinated borrowings considered as capital under Rule 325 of the Board of Governors of the New York Stock Exchange withdrawn or repaid during the Determination Period exclusive of $2,104,920.25; and

(v) any net decrease in the capital stock and surplus accounts of the Corporation for the Determination Period.

(5) "Market Value Depreciation" shall mean the amount, if any, determined by subtracting from the amount determined pursuant to (i) below the amount determined pursuant to (ii) below:

(i) The aggregate market value of all subordinated securities accounts in existence on the Determination Date computed at the respective dates on which such accounts were established with the Corporation, except as to accounts established on or before February 28, 1970 which shall be computed at market value on February 28, 1970.

(ii) The aggregate market value of all such subordinated accounts computed at and as of the Determination Date.

(B) Periodic Determinations of Adjusted Capital and Market Value Depreciation. The Corporation covenants and agrees that it will make computations of Adjusted Capital and Market Value Depreciation at June 30, 1970 and at the end of each quarter-annual accounting period of the Corporation thereafter. A notice setting forth the results of such computations shall be mailed to the undersigned as soon as practicable but not later than 45 days after the respective Determination Date. Each such determination by the Corporation shall be conclusive and binding upon the undersigned, unless the undersigned shall notify the Corporation in writing, within 15 days after the date on which the Corporation has mailed to the undersigned the results of such determination, that the Corporation's determination is disputed. In the event of such notification, the Adjusted Capital and Market Value Depreciation at the date in question shall be determined by a firm of independent public accountants selected by the Board of Directors of the Corporation (which may be the firm which regularly examines the statement of financial condition of the Corporation), and such determination shall be conclusive and binding on the undersigned and the Corporation. The expense of any such determination by public accountants shall be borne equally by the undersigned and the Corporation.

(C) Events Giving Rise to Withdrawal Rights: Exercise of Such Rights. Subject to the conditions herein provided, if at or as of any Determination Date,

(1) The amount of the Original Capital shall exceed the amount of the Adjusted Capital by $10,000,000 or more; or

(2) The Market Value Depreciation at or as of such date shall exceed twenty-five percent of the Original Capital, and if the sum of such Market Value Depreciation plus any excess of the Original Capital over the Adjusted Capital or minus any excess of the Adjusted Capital over the Original Capital, shall exceed fifty percent of the Original Capital;

then, and in that event, the undersigned shall have the right to withdraw the Note and the Collateral, or to reduce the principal amount of the Note and proportionately to withdraw Collateral. If the undersigned exercises such right, such withdrawal or reduction shall be effective 30 days after notice of the undersigned's election to exercise such right is received by the Corporation. If the undersigned shall fail to exercise such right by notice to the Corporation given within 30 days after the results of the applicable computation are mailed to the undersigned pursuant to subparagraph (B) above, the right of the undersigned to withdraw the Note and Collateral shall terminate at the end of such 30-day period.

VI. Return of Note and Change in Principal Amount. (a) The Corporation may, at the end of any calendar month, return the Note and the Collateral to the undersigned, or reduce the unpaid principal amount of the Note, after giving the undersigned notice thereof, specifying in such notice the date such return or reduction is to be made, which date shall not be earlier than one calendar month after the end of the month during which such notice is given, unless the Corporation and the undersigned shall agree to an earlier date.

(b) The Corporation may, on the first day of [illegible] the principal amount of the Note by the amount of the Collateral, if any, which, in the judgment of the Corporation (which shall be conclusive), is adequate security. The undersigned agrees, at the request of the Corporation, to execute and deliver an additional Note having a principal amount equal to such increase, or by endorsement of the Note or otherwise to give to the Corporation evidence satisfactory to it of such increase; provided, however, that (i) such increase shall be effective

whether or not such evidence is received, and (ii) no such increase shall be effected after written notice has been given by the undersigned pursuant to Paragraph V.

VII. Payment of Indebtedness. The undersigned shall have the right at any time and from time to time to pay the whole or any part of the Indebtedness and to receive therefor Subordinated Debentures of the Corporation as hereinafter provided.

VIII. Return of Collateral. If the Indebtedness is paid or reduced, the Corporation shall endorse the Note as discharged and satisfied to the extent of such payment or reduction and shall return to the undersigned such part, if any, of the Collateral which, in the judgment of the Corporation (which shall be conclusive), is not necessary to provide adequate security for the unpaid principal amount of such Note after giving effect to such endorsement.

IX. Right to Receive Subordinated Debenture. The corporation will issue, and the undersigned will accept, with respect to any payment (as distinguished from a return, reduction or withdrawal under Paragraph V or VI hereof) of all or part of the Indebtedness, a Subordinated Debenture in substantially the form of Annex II hereto, evidencing the indebtedness of the Corporation in a principal amount equal to such payment of all or part of the Indebtedness. It is expressly understood, however, that the right of the Corporation to liquidate the Collateral and apply the proceeds of such liquidation in payment in whole or in part of the Indebtedness, as provided for in Paragraph XI(b), shall not be affected in any way by any inability or failure to issue or any delay in the issuance of such Subordinated Debenture. Immediately upon such payment and until the issuance to him of such Subordinated Debenture, the undersigned shall have the rights of a subordinated lender on the terms set forth in Annex II.

X. Notice to Exchanges and Subordination. (a) No return, reduction or withdrawal shall be made under Paragraph V or VI hereof until after written notice thereof has been given to the New York Stock Exchange, the American Stock Exchange or any similar institution with which the Corporation has qualified for privileges the maintenance of which requires such notice.

(b) The undersigned agrees that in the event any return, reduction or withdrawal under Paragraph V or VI hereof shall result in the return or withdrawal of Collateral at any time when the Corporation is insolvent (whether or not the undersigned had any knowledge or notice of such insolvency at the time of any such return, reduction or withdrawal), the

undersigned will promptly upon written notice given by the Corporation or its successor or assignee within one year after such return, reduction or withdrawal execute and deliver to the same a note identical to and having a principal amount equal to the Note so returned or withdrawn (or in the case of a reduction, in a principal amount equal to the amount of such reduction), and secure such note on the same terms as in this Agreement provided, with the Collateral so returned or withdrawn or with collateral having a capital requirements value at the time of the delivery thereof at least equal to the capital requirements value of such Collateral on the date of receipt of such notice.

(c) Anything in this Agreement to the contrary notwithstanding, any rights of the undersigned to withdraw the Note and the Collateral pursuant to Paragraph V or to obtain any return or reduction after notice given by the Corporation pursuant to Paragraph VI or to receive payments under Paragraph IV are fully and irrevocably subordinate to and subject to the prior payment or provision for payment in full of all present and future creditors (who have not also so subordinated their claims) of the Corporation, or of any successor corporation, arising out of any matter occurring prior to the time fixed for such withdrawal, return, reduction or payments, as the case may be; it being understood that provision shall be deemed to have been made for payment in full of all such claims if the assets of the Corporation (or of any successor corporation) shall be adequate in amount to satisfy all such claims fully, regardless of whether any assets are in any manner set aside for that purpose; and in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, liquidation or other marshalling of assets and liabilities of the Corporation or of any successor corporation at the time so fixed for such withdrawal, return, reduction or payments, the undersigned shall not be entitled to participate or share, ratably or otherwise, on account of any such right in the distribution of the assets of the Corporation or of any successor corporation until all such claims of such prese and future creditors of the Corporation and of any successor corporation have been fully satisfied or provision made there for.

XI. Rights of the Corporation. The Corporation, a the holder of the Note and pledgee of the Collateral, shall (without limiting its other rights) be entitled:

(a) To deposit any cash from time to

time pledged as Collateral in an account or accounts in its own name in any bank or trust company, and to hold the Securities in such form as it may deem advisable, either in its own name or in the name of a nominee or nominees, or in the name of the undersigned, in "good delivery" form.

(b) If the Note is not paid upon presentment and demand as therein provided, to liquidate the Collateral and to apply the proceeds of such liquidation (together with any cash included in the Collateral) in payment, in whole or in part, of the Indebtedness.

Any liquidation above provided for may be effected by a sale or sales for cash or otherwise, upon an Exchange or over-the-counter market, or at any other public or private sale, and with or without any advertisement or notice whatsoever, as the Corporation in its sole discretion shall determine. The purchaser of any securities at any such sale shall take the same free of any right of redemption and any other right or claim on the part of the undersigned, all of which rights and claims are hereby waived and released. The Corporation may be the purchaser at such a sale only if such sale be public or if made upon an Exchange or over-the-counter market at the current market price. The proceeds of any such liquidation shall be the net cash proceeds thereof, after deducting all expenses thereof.

(c) The Corporation shall have the right at any time and from time to time and without notice to the undersigned, to pledge, re-pledge, hypothecate or re-hypothecate any or all of the Collateral (separately or in connection with other securities or any other property) to secure indebtedness of the Corporation in any amount (whether larger or smaller than the Indebtedness of the undersigned) and without retaining a like amount of securities in the Corporation's possession and control; provided, however, that in the event the Corporation because of any such pledge, re-pledge, hypothecation or re-hypothecation can not return to the undersigned any of the Collateral which the undersigned may then be entitled to receive, the then market value of the Collateral not so returned shall be determined, and there shall be delivered to the undersigned an amount of Debentures of the Corporation in substantially

or its equivalent in cash or other marketable securities,

the form of Annex II hereto evidencing indebtedness in a principal amount equal to such market value, and the Note shall be discharged to the extent that Debentures are so issued.

XII. Acceleration of Maturity. The Note and Collateral may, at the option of the undersigned but subject to the provisions of Paragraphs X and XI hereof, be withdrawn at any time if any one or more of the following events shall happen and be continuing at the time of such withdrawal: The Corporation shall become insolvent, or commit any act of bankruptcy or make a general assignment for the benefit of creditors; a receiver is appointed for the Corporation or all or a substantial part of its property; default shall be made with respect to any other indebtedness of the Corporation and maturity thereof is accelerated; or the Corporation shall default in performance or compliance with any of the terms of this Collateral Agreement, other than the covenant to make payments under Paragraph IV.

XIII. Miscellaneous Provisions.

(a) Warranties of the Undersigned. The undersigned hereby warrants that he has duly executed the Note, that he has duly delivered the Note to the Corporation and upon such delivery the Corporation acquired good title thereto, that the Note is his valid and binding obligation enforceable by the Corporation in accordance with its terms; that he has duly and validly pledged with the Corporation the Securities described in Schedule A annexed to the Note and that all such Securities are in "good delivery" form; and that the Corporation as the pledgee of the Securities has the rights with respect thereto which are conferred upon it by this Agreement. Each such representation and warranty shall survive the execution and delivery of the Note and the pledge of the Securities.

(b) Corporation as Pledgee of the Collateral. The Collateral shall be held by the Corporation, as pledgee, in accordance with the terms hereof, to assure the faithful performance by the undersigned of his obligations under the Note, in an account in the name of the undersigned, to be designated his "Secured Note Collateral Account". Subject to the prior rights of the Corporation as pledgee, title to all Collateral shall remain in the under-

signed until such Collateral is liquidated by the Corporation. All the right and interest of the Corporation in the Collateral shall terminate upon payment in full of all Indebtedness.

(c) Re-execution of Note. The undersigned agrees upon demand of the Corporation to re-execute a note identical to the Note (or any outstanding note which has been substituted therefor in accordance with the terms hereof), if outstanding five years from the date of the execution of the last such note.

(d) Notices. Any notice required or permitted to be given under Paragraphs V and VI of this Agreement shall be sufficiently given if in writing sent by registered mail or certified mail to the appropriate party at the address set forth in this Agreement, or at any such other address as such party may from time to time specify for the purpose in a notice similarly given. All other notices required or permitted to be given under this Agreement, shall be sufficiently given if in writing and if delivered, mailed or telegraphed to the appropriate party at the address set forth in this Agreement, or at such other address such party may from time to time specify in a notice similarly given. All notices to the Corporation or from the Corporation shall, respectively, be addressed to the attention of or signed by an elected officer of the Corporation (as defined in the By-laws of the Corporation, as they may from time to time be amended).

(e) Governing Law. This Agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects, including matters of construction, validity and performance.

(f) Arbitration. Any controversy arising out of or relating to this Agreement or the breach thereof shall be submitted to and settled by arbitration pursuant to the Constitution of the New York Stock Exchange. The parties hereto and all who may claim under them, shall be conclusively bound by such arbitration.

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Plaintiffs' Exhibit 9

Kindly indicate your acceptance of the foregoing by signing the two copies hereof in the space indicate and returning one to the undersigned, thereby constituting the foregoing an agreement among ourselves.

John P. Fox, Jr.

Address 50 East 42nd St

New York, New York 17

ACCEPTED AND CONFIRMED

BLAIR & CO., INC.

By B. K. Shepherd

Vice President

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Plaintiffs' Exhibit 9

SECURED NOTE

Date: April 3, 1970

$ 3,784,349.

FOR VALUE RECEIVED, I promise to pay to BLAIR & CO., INC. (the "Corporation") at its principal office at 20 Broad Street, New York, New York (where presentment and demand for payment shall be made), without interest, the sum of Three Million Seven Hundred Eighty-Four Thousand Three Hundred Forty-Nine Dollars ($3,784,349.), on demand.

This Note is secured at its date by the pledge of the securities and cash, if any, described in Schedule A annexed hereto.

This Note and the securities and cash from time to time pledged to secure it are subject in all respects to the provisions of a Collateral Agreement of even date between the Corporation and the undersigned, a copy of which may be examined at the principal office of the Corporation.

The Corporation, by acceptance hereof, agrees, for itself, its representatives, successors and assigns (1) that neither I, my heirs, executors, administrators or assigns shall be personally liable on this Note, it being intended that my obligation to pay the principal amount of this Note is included for the sole purpose of establishing the existence of the indebtedness represented hereby, (2) that in the event of default the Corporation and any such successor or assign shall look for payment solely to the security of the property then pledged to secure the same, and will not make claim or institute any action or proceeding against me, my heirs, executors, administrators or assigns for the payment of this Note or for any deficiency remaining after application of the property pledged to secure this Note, or otherwise; provided, however, that nothing herein contained shall be construed to release or impair the indebtedness evidenced by this Note, or of the lien upon the property pledged to secure it, or preclude the application of said pledged property to the payment hereof in accordance with the provisions of Paragraph XI of the Collateral Agreement.

John P. Foley, Jr.

(Payor - John P. Foley, Jr.)

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Plaintiffs' Exhibit 9

JOHN P. JOLEY, JR. 13-077047-6

Security			Shares	Price Close 4/8	Valuation
Allmet. Steel Manufacturing Co.	9 3/8	9,375.00	1,000	9 1/2	8,275.00
American General Insurance Co.	20 3/4	12,450.00	600	19 3/4	11,850.00
Amfac Corporation			27,250	—	—
Anaconda Co.	29 1/4	11,700.00	400	27	11,600.00
Arlan's Department Stores Inc.	13 5/8	13,625.00	1,000	13 1/4	12,750.00
Associated British Foods Ltd.-			5,000	1 1/8	5,625.00
Beverly Hills Bancorp.			500	14 1/2	7,150.00
Block Engineering Inc.			1,000	6 1/2	6,500.00
Clark Oil & Refining Corp.	23 3/4	9,500.00	400	23 3/4	9,500.00
Evans Products Co. $4 Conv.	28 5/8	convertible into 2 shs. Common Stock (27 1/2) N.Y.S.E.	925	—	71,394.00
Fairmont Foods Co.	17 3/8	8,687.50	500	17	8,500.00
Federal Resources Corp.	5 3/8	5,375.00	1,000	5	5,000.00
First Pennsylvania Corp.			408	53 1/2	72,862.00
Gibraltar Financial Corp. of Calif.	20 1/2	23,124.00	1,128	20 1/2	23,124.00
Giddings & Lewis Inc.	12 3/4	12,750.00	1,000	13	13,000.00
Guardon Industries	18 3/4	9,375.00	500	18 1/2	9,437.50
Hartford Fire Insurance Co.	51 1/4	25,625.00	500	50 1/2	25,062.50
Heinicke Instrument Co.	10 3/8	5,187.50	500	10 1/4	5,125.00
Intermountain Gas Co.	8 7/8	8,875.00	1,000	8 1/2	8,500.00
Kaiser Aluminum & Chemical Corp.	38 3/8	38,375.00	1,000	38	38,000.00
Lane Bryant Inc.	39 3/4	19,875.00	500	38 3/4	19,375.00
Newmont Mining Corp.	36	18,000.00	500	36 1/8	18,062.50
North American Coal Corp.	19 1/8	3,825.00	200	19 1/8	3,975.00
Occidental Petroleum Corp.	23	11,500.00	500	22 1/2	11,250.00
Phillips Petroleum Co.	24 1/8	4,825.00	200	23 3/8	4,775.00
Purepac Laboratories Corp.	6 1/2	6,500.00	1,000	6 3/4	6,750.00
RCA Corp.	30 3/4	15,375.00	500	30	15,000.00
RCA Corp. $4 Com. Conv. Pfd.	72 1/4	18,062.50	250	73 1/4	18,312.50
Reading & Bates Offshore Drilling Co. $1.375 Com. Conv. Pfd.			600	32	19,200.00
Richardson Co.	16 3/8	268,107.87	16,373	15 1/2	253,781.50
Rogers Corp.	32 1/4	123,196.00	3,820	32 1/2	124,165.00
Rucker Company	8 3/4	3,500.00	400	9	3,600.00
Ryan Homes Inc.	41 3/4	16,700.00	400	39 3/4	15,900.00
Scott Paper Co.	32 7/8	16,437.50	500	33	16,500.00
Simmonds Precision Products Inc.	6 1/8	6,875.00	1,000	6 1/2	6,500.00
Sky City Stores Inc.	9 1/8	4,562.50	500	9 1/8	4,562.50
Standard & Poor's Corp. (to be converted share for share into McGraw Hill Inc. $1.20 Conv. Pref.)			800	36	28,800.00

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Plaintiffs' Exhibit 9

Sundstrand Corp.	19 3/8	7,750.00	400	19 1/4	7,800.00
Trans-Lux Corp.	17	3,400.00	200	16 1/4	3,250.00
Unilever Ltd.	24 7/8	12,437.50	500	27 1/4	14,625.00
United Aircraft Products Inc.	11 7/8	2,375.00	200	11 3/4	2,350.00
Universal Oil Products Co.	34 7/8	69,750.00	2,000	35 1/2	70,750.00
	80 1/4	8,250.00	Par Value		
Reading & Bates Offshore Drilling Co. Conv. 5-1/2% 1988			10,000	21 1/2	21,450.00
Vintron Computer Systems Conv. 6-1/4% 1989			8,000	125	10,000.00
Whittaker Corp. Conv. 4-1/2% 1988	50 1/4	1,005.00	2,000	51	1,020.00
				TOTAL	1,000,020.00

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Plaintiffs' Exhibit 9

Security			Shares	Price Close 4/2	Valuation
L. P. FOLEY & COMPANY, INC. 13-097070-6					
First Pennsylvania Corp.			612	58 1/4	35 907
International Business Machines	15,932.00	326 1/4	58	321/4	12 787
Rogers Corp.	374,551.50	32 1/4	11,614	32 1/2	377 905
	Est 419,410.50		TOTAL		433 500
JOHN P. FOLEY, JR. & ANNE A. FOLEY T/E 13-097063-6					
Brunswick Corp.	684,220.02	18	38,000	17 3/4	674 500
Harcourt, Brace & World Inc.	5,425.00	54 1/4	100	54 1/4	5 425
Rogers Corp.	614,298.00	32 1/4	19,048	32 1/2	621 431
	1,303,943.02		TOTAL		1 301 356
ANITA SALISBURY 13-746354-6					
American Chain & Cable Co.	2,787.50	27 7/8	100	79 1/2	7 962
Amicon Corporation			632	—	—
Brovel Products Corp.			100	9	900
Portec Inc.	1,700.00	17	100	16 3/4	1 675
Richardson Co.	4,503.12	16 3/8	275	15 1/2	4 262
Wayne-Gossard Corp.	5,050.00	12 5/8	400	12 1/2	5 050
	14,040.62		TOTAL		14 953
	900.00				
	14,940.62				
			4 a/c's TOTAL		1,749 250

Plaintiffs' Exhibit 9

Security	Shares
KYLE P. FOLEY, JR.	
Allied Steel Manufacturing Co.	1,000
American General Insurance Co.	600
Amino Corporation	27,250
Amicomin Co.	400
Arlan's Department Stores Inc.	1,000
Associated British Foods Ltd.	5,000
Beverly Hills Bancorp.	500
Block Engineering Inc.	1,000
Clark Oil & Refining Corp.	400
Evans Products Co. $4 Conv. Pfd.	925
Fairmont Foods Co.	500
Federal Resources Corp.	1,000
First Pennsylvania Corp.	408
Gibraltar Financial Corp. of Calif.	1,128
Giddings & Lewis Inc.	1,000
Guerdon Industries	500
Hartford Fire Insurance Co.	500
Heinicke Instrument Co.	500
Intermountain Gas Co.	1,000
Kaiser Aluminum & Chemical Corp.	1,000
Lane Bryant Inc.	500
Newmont Mining Corp.	500
North American Coal Corp.	200
Occidental Petroleum Corp.	500
Phillips Petroleum Co.	200
Purepac Laboratories Corp.	1,000
RCA Corp.	500
RCA Corp. $4 Com. Conv. Pfd.	250
Reading & Bates Offshore Drilling Co. $1.375 Com. Conv. Pfd.	600
Richardson Co.	16,373
Rogers Corp.	3,820
Rucker Company	400
Ryan Homes Inc.	400
Scott Paper Co.	500
Simmonds Precision Products Inc.	1,000
Sky City Stores Inc.	500
Standard & Poor's Corp. (to be converted share for share into McGraw Hill Inc. $1.20 Conv. Pref.)	800
Sundstrand Corp.	400
Trans-Lux Corp.	200
Unilever Ltd.	500
United Aircraft Products Inc.	200
Universal Oil Products Co.	2,000

	Par Value
Reading & Bates Offshore Drilling Co. Conv. 5-1/2% 1988	10,000
Vistron Computer Systems Conv. 5-1/4% 1989	8,000
Whittaker Corp. Conv. 4-1/2% 1988	2,000

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Plaintiffs' Exhibit 9

Security	Shares
L. P. FOLEY & COMPANY, INC.	
First Pennsylvania Corp.	612
International Business Machines	53
Rogers Corp.	11,614
JOHN P. FOLEY, JR. & ANNE A. FOLEY J/T	
Brunswick Corp.	38,000
Harcourt, Brace & World Inc..	100
Rogers Corp.	19,048
ANITA SALISBURY	
American Chain & Cable Co.	100
Amicon Corporation	632
Brevel Products Corp..	100
Portec Inc.	100
Richardson Co.	275
Wayne-Gossard Corp.	400

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Plaintiffs' Exhibit 9

SCHEDULE A

TO SECURED NOTE

CASH: $

SECURITIES:

AMOUNT	SECURITY
SEE RIDER	

E 55

Plaintiffs' Exhibit 9

BLAIR & CO., INC.

SUBORDINATED DEBENTURE NOTE

No. _____ $_____

BLAIR & CO., INC., a Delaware corporation (the "Corporation"), for value received, hereby promises to pay to the sum of $, and to pay interest from the date hereof on that sum to the registered holder hereof at the prime rate of interest in New York City but not less than six percent (6%) per annum, semi-annually, on November 1st and May 1st in each year, until the principal of this Debenture shall be paid.

In addition to the fixed interest herein provided for, the Corporation promises to pay to the registered holder hereof, on April 1st in each year, an additional interest payment at the rate of up to but not more than two percent (2%) per annum, on the principal amount hereof payable only to the extent that Net Income (as hereinafter defined) of the Corporation for the next preceding fiscal year is available for such payment, provided that if the date of issue of this Debenture is subsequent to the first day of such next preceding fiscal year such additional interest shall be prorated from the date of issue hereof to the last day of such next preceding fiscal year. The term "Net Income" as used herein shall mean, for any fiscal year, net income of the Corporation as determined in accordance with generally accepted accounting principles and after adequate provision for all taxes, depreciation and other accruals and reserves; provided, however, that (a) there shall not be included in Net Income any income required to be credited to the Special Accounts established pursuant to Section 4 of the Pre-Merger Agreement of the Corporation dated October 31, 1963 (the "Pre-Merger Agreement"), and any income in respect of the receipt or gain or loss arising from the sale or other disposition of any warrants, rights, options or similar securities acquired by the Corporation in connection with any underwriting of securities or arrangement for the public or private purchase or sale of securities, or any gain or loss arising from the sale of securities acquired pursuant to exercise of any such warrants, rights, options or similar securities, and (b) there shall be added to Net Income an amount equal to the sum of all debits required to be made to such Special Accounts. In the event that Net Income for any fiscal year is not sufficient to permit the payment of

additional interest at the full rate of two percent (2%) per annum on this Debenture and all other Debentures of the Corporation of like tenor of any series at the time outstanding; the Corporation shall, to the extent that Net Income is available, pay such Net Income as additional interest to the registered holder of this Debenture and of all other Debentures of like tenor of any series at the time outstanding, pro rata.

The registered holder hereof shall have the right, by notice in writing, to require the Corporation to purchase this Debenture in whole or in part, in any multiple of $1,000 of the principal amount hereof on the date which is thirty months after the date of the Collateral Agreement between the registered holder hereof and the Corporation pursuant to which this Debenture was issued to such registered holder, or any date thereafter, on thirty days' written notice to the Corporation of such registered holder's election to exercise such right, and upon the due date for such payment the Corporation shall pay to the registered holder hereof the principal amount hereof or such portion of such principal amount as the registered holder has designated, together with fixed interest to the date of such payment and additional interest from the beginning of the then current fiscal year to such date, calculated as if the then current fiscal year of the Corporation had ended on the last day of the month next preceding the month in which such payment is made.

For the purposes of this and the next two succeeding paragraphs, the following terms shall have the respective meanings given below:

(1) "Original Capital" shall mean the sum of $21,750,000.

(2) "Determination Date" shall mean any date, after February 28, 1970, at or as of which a computation is being made for purposes of the next two succeeding paragraphs.

(3) "Determination Period" shall mean the period commencing on March 1, 1970 and continuing to and including the Determination Date.

(4) "Adjusted Capital" shall mean the sum of

(i) the Original Capital;

(ii) the aggregate amount (at the borrowing date) of subordinated borrowings considered as capital under Rule 325 of the

Board of Governors of the New York Stock Exchange made by the Corporation during the Determination Period; and

(iii) any net increase in the capital stock and surplus accounts of the Corporation for the Determination Period;

minus the sum of

(iv) the aggregate amount (at the borrowing date) of subordinated borrowings considered as capital under Rule 325 of the Board of Governors of the New York Stock Exchange withdrawn or repaid during the Determination Period exclusive of $2,101,920.25; and

(v) any net decrease in the capital stock and surplus accounts of the Corporation for the Determination Period.

(5) "Market Value Depreciation" shall mean the amount, if any, determined by subtracting from the amount determined pursuant to (i) below the amount determined pursuant to (ii) below:

(i) The aggregate market value of all subordinated securities accounts in existence on the Determination Date computed at the respective dates on which such accounts were established with the Corporation, except as to accounts established on or before February 28, 1970 which shall be computed at market value on February 28, 1970.

(ii) The aggregate market value of all such subordinated accounts computed at and as of the Determination Date.

The Corporation covenants and agrees that it will make computations of Adjusted Capital and Market Value Depreciation at June 30, 1970 and at the end of each quarter-annual accounting period of the Corporation thereafter. A notice setting forth the results of such computations shall be mailed to the registered holder as soon as practicable but not later than 45 days after the respective Determination Date. Each such determination by the Corporation shall be conclusive and binding upon the registered holder, unless the registered holder shall notify the Corporation in writing, within 15 days after the date on which the Corporation has

mailed to the registered holder the results of such determination, that the Corporation's determination is disputed. In the event of such notification, the Adjusted Capital and Market Value Depreciation at the date in question shall be determined by a firm of independent public accountants selected by the Board of Directors of the Corporation (which may be the firm which regularly examines the statement of financial condition of the Corporation), and such determination shall be conclusive and binding on the registered holder and the Corporation. The expense of any such determination by public accountants shall be borne equally by the registered holder and the Corporation.

Subject to the conditions herein provided, if at or as of any Determination Date,

(1) The amount of the Original Capital shall exceed the amount of the Adjusted Capital by $10,000,000 or more; or

(2) The Market Value Depreciation at or as of such date shall exceed twenty-five percent of the Original Capital, and if the sum of such Market Value Depreciation plus any excess of the Original Capital over the Adjusted Capital or minus any excess of the Adjusted Capital over the Original Capital, shall exceed fifty percent of the Original Capital;

then, and in that event, the registered holder hereof shall have the right, on thirty days' written notice to the Corporation of such registered holder's election to exercise such right, to require the Corporation to purchase this Debenture

such present or future creditors of the Corporation and of any successor corporation have been fully satisfied or provision made therefor.

The registered holder hereof agrees that in the event that any payment on account of the principal hereof shall be made by the Corporation at any time when the Corporation is insolvent (whether or not the registered holder hereof had any knowledge or notice of such insolvency at the time of such payment), the registered holder hereof will promptly upon written notice given not more than one year from the date of such payment by the Corporation or its successor or assignee repay to the Corporat a sum equivalent to the amount of such payment.

Payment of the principal of and interest on this Debenture wil be made at the office of the Corporation in the Borough of Manhattan, City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Debenture shall not be assigned or transferred without pr approval of the Corporation. So long as the Corporation contd as a member of the New York Stock Exchange, this Debenture wil not, without the prior written approval of that Exchange, be transferred, sold, assigned or pledged, and there will not be created or permitted to be created any lien, charge or encumbrance upon this Debenture.

No recourse shall be had for the payment of the principal of, or interest on, this Debenture, or any part thereof, or for an claim based hereon or otherwise in respect hereof, or of the i debtedness represented hereby, or upon any obligation, covenan or agreement contained herein, or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Corporation o of any successor corporation either directly or through the Corporation or any such successor corporation, whether by virtu of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all liability, if any, of that character against every such incorporator, stockholder, officer or director, being by the acceptance hereof, and as part of the consideration for the issue hereof, expressly waived and released.

This Debenture shall become and be immediately due and payable on demand if any one or more of the following events shall happ and be continuing at the time of such demand: default shall be made in the payment of the principal of this Debenture when and as the same shall become due and payable; the Corporation shall become insolvent, or commit any act of bankruptcy or make a general assignment for the benefit of creditors; a receiver is appointed for the Corporation or all or a substantial part of its property; default shall be made with respect to any other i debtedness of the Corporation and maturity is as a result there accelerated; or the Corporation shall default in performance or compliance with any of the terms of this Debenture other than default in the payment of interest.

IN WITNESS WHEREOF, BLAIR & CO., INC. has caused this Debenture to be signed in its name and behalf by the manual signature of

its President or one of its Vice Presidents, and its corporate seal to be hereunto affixed and attested by the manual signature of its Secretary or one of its Assistant Secretaries.

BLAIR & CO., INC.

By _____
President

DATE:

ATTEST:

_____
Secretary

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PLAINTIFFS' EXHIBIT 10

BLAIR OPTION AGREEMENT, APRIL 3, 1970

Signed Copy

BLAIR OPTION AGREEMENT

AGREEMENT, dated April 3, 1970, between BLAIR & CO., INC. ("Blair"), a Delaware corporation, and JOHN P. FOLEY, JR. ("Optionee").

In consideration of the mutual promises herein contained, and other good and valuable considerations, and subject to the terms, conditions and restrictions herein contained, Blair and Optionee hereby agree as follows:

1. Concurrently herewith Optionee has made a subordinated loan to Blair evidenced by a Secured Note of Optionee and a Collateral Agreement between Optionee and Blair pursuant to which Optionee has pledged as collateral for the Secured Note cash and/or marketable securities having net capital value under Rule 325 of the Board of Governors of the New York Stock Exchange of not less than $2,500,000. Said Secured Note, Collateral Agreement and collateral pledged thereunder as aforesaid are herein called the "Loan".

2. (a) Blair hereby grants to Optionee options ("Options") to purchase from Blair 3,200 units of capital stock of Blair, each unit (severally a "Unit" and collectively "Units") to consist of three shares of Blair's Non-Voting Common Stock, par value $1 per share ("Non-Voting Common Stock"), and one share of its $4 Preferred Stock, par value $10 per share ("$4 Preferred Stock").

Upon any exercise of the Options in whole or in part, Optionee may elect, in lieu of purchasing Units, to purchase only shares of $4 Preferred Stock. The total number of shares of $4 Preferred Stock so purchasable hereunder shall be 3,584 (each such share being herein called a "Preferred Unit") and on any partial exercise of the Options a proportionate number of shares of $4 Preferred Stock may be so purchased, and the purchase price per Preferred Unit so purchased shall be $25.

The term "Common Stock", as used in this Agreement, shall mean the Non-Voting Common Stock and Blair's Voting Common Stock, par value $1 per share ("Voting Common Stock"), each as presently constituted, and any other shares of capital stock of Blair of any class which shall have the right to participate in dividends without limit as to amount or percentage, whether or not such shares have a preference

over any other shares as to assets on liquidation or as to dividends. The term "Preferred Stock", as used in this Agreement, shall mean any class of capital stock of Blair other than Common Stock as herein defined.

(b) The Options may be exercised by Optionee as a whole at any time or in part from time to time during the period commencing, subject to Section 7 hereof, on the date hereof and terminating at the earlier of (1) five years after the date hereof, or (2) upon withdrawal of the Loan by Optionee if such withdrawal shall occur prior to the expiration of thirty months after the date hereof ("Termination Date"), by the execution and mailing by Optionee to Blair at 20 Broad Street, New York, New York 10005, of a written notice of election to exercise. As soon as practicable after the mailing of each such notice, Blair will sell and deliver to Optionee at the aforesaid office of Blair certificates for the number of fully paid and non-assessable shares of Non-Voting Common Stock and $4 Preferred Stock comprising the number of Units specified in said notice, upon payment therefor, at the time of delivery of said certificates, of cash in an amount equal to the number of Units being purchased multiplied by $28. Nothing herein contained shall result in termination of the Options upon return or decrease of the aforementioned Secured Note pursuant to paragraph VI(a) of the aforementioned Collateral Agreement or upon prepayment, at the option of Blair, of the Debenture which may be issued to Optionee pursuant to said Collateral Agreement.

(c) The price at which Units shall be purchasable upon exercise, pursuant to Section 1(b) hereof, of the Options, in whole or in part, shall be $28 per Unit.

(d) In case Blair shall (1) pay a dividend in shares of its capital stock, (2) subdivide the outstanding shares of Non-Voting Common Stock or $4 Preferred Stock, (3) combine the outstanding shares of Non-Voting Common Stock or $4 Preferred Stock into a smaller number of shares, or (4) issue by reclassification of its shares of Non-Voting Common Stock or $4 Preferred Stock any shares of capital stock of Blair, each Unit and Preferred Unit in respect of which Options remain outstanding shall thereupon be changed so that Optionee shall be entitled to receive, upon exercise of any outstanding Options, the shares which he would have owned after the happening of any of the events

described above, and at the aggregate price he would have paid, had such Options been exercised immediately prior to the happening of such event.

(e) In case of any consolidation of Blair with, or merger of Blair into, another corporation (other than a consolidation or merger in which Blair is the continuing corporation), or in case of any sale or conveyance to another corporation of the property of Blair as an entirety or substantially as an entirety, such successor or purchasing corporation, as the case may be, shall make lawful and adequate provision so that the Options shall survive and Optionee shall have the right to acquire upon exercise of the outstanding Options the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger, sale or conveyance by a holder of the number of shares of $4 Preferred Stock and Non-Voting Common Stock issuable upon exercise of the outstanding Options immediately prior to such consolidation, merger, sale or conveyance.

(f) So long as the Options or any portion thereof shall be outstanding, before Blair shall effect any spin-off or other distribution of property of any kind (other than cash dividends) to the holders of shares of its capital stock of any class purchasable upon exercise of the Options, or grant rights or options to the holders of shares of any such class, as such holders, to purchase property of any kind, Blair shall set aside and retain a part of the total property which otherwise would be spun-off, distributed or sold upon the exercise of rights or options, as the case may be, which bears the same proportion to the total of such property as

(i) the total number of shares of such class purchasable upon exercise of the Options then outstanding,

bears to the sum of

(ii) the total number of shares of such class then outstanding, and

(iii) the total number of shares of such class then purchasable upon exercise of the Options then outstanding and any other then outstanding options having rights comparable to those provided in this Section 2(f) to the Optionee,

and upon exercise of Options there shall be delivered to Optione

the property so retained but, in the case of any sale or offering through rights or options, only upon payment to Blair, in addition to $28 for each Unit in respect of which such Options have been exercised, of an amount equal to the original offering price to stockholders of such similar property plus an amount computed at the rate of seven and one-half percent per annum, from the date of such spin-off or distribution or offering to stockholders to the date of such exercise of Options by Optionee, of an amount equal to the value of such retained property computed at the original offering price of such similar property. Upon any exercise of less than all the Options, Optionee's right to acquire such property shall be in the same proportion to all the property so retained as the proportion of the Options exercised at such time bears to all the Options.

3. (a) So long as the Options or any portion thereof shall be outstanding, each time that Blair shall issue or sell shares of its capital stock of any class or securities convertible into or exchangeable for, or options or rights to purchase, shares of its capital stock of any class for an aggregate consideration of $100,000 or more, either in a single transaction or cumulatively in a series of transactions commencing with the first such transaction after the date of this Agreement and thereafter commencing with the first transaction following the last transaction which under the provisions of this Section 3(a) shall have given rise to a right of Optionee to purchase securities, Optionee shall have the right to purchase from Blair, at the same price and upon such other terms as such securities are sold to others (including, without limitation, the making by Optionee of loans, commitments or undertakings to Blair on a basis comparable to loans, commitments or undertakings made by others in connection with the issue or sale of any of such securities), securities of the same class or classes, kind or kinds as shall have been sold to others in an amount which bears the same proportion to the total securities issued or sold in such transaction or series of transactions as

(i) The total number of shares of Common Stock purchasable upon exercise of the Options at the date hereof,

bears to the sum of

(ii) The total number of shares of Common Stock outstanding at the date hereof, and

(iii) The maximum aggregate number of shares of Common Stock initially purchasable upon exercise of the Options and upon exercise of the other options referred to in clause (iii) of the second paragraph of this Section 3(a) which shall have theretofore been granted by Blair;

provided, however, that if the securities proposed to be issued or sold include Voting Common Stock, securities convertible into Voting Common Stock or options or rights to purchase Voting Common Stock, and Optionee is not at the time eligible to hold Voting Common Stock, the right of Optionee contained in this Section 3(a) shall be, in lieu of the right to purchase shares of Voting Common Stock, securities convertible into Voting Common Stock or options or rights to purchase Voting Common Stock, to purchase an equivalent number or amount of shares of Non-Voting Common Stock, securities convertible into Non-Voting Common Stock or options or rights to purchase Non-Voting Common Stock, as the case may be. Blair will promptly notify Optionee in writing whenever it shall issue or sell any securities giving rise to a right of Optionee to purchase securities as herein provided. The options which shall be granted pursuant to this Section 3(a) may be exercised by Optionee, as a whole at any time or in part from time to time, on or prior to the Termination Date, by the execution and mailing by Optionee to Blair at 20 Broad Street, New York, New York 10005 of a written notice of election to exercise. As soon as practicable after the mailing of each such notice Blair will sell and deliver to Optionee at the aforesaid office of Blair the securities specified in said notice, upon payment therefor, at the time of delivery thereof, of the purchase price and compliance with all other terms relating to such purchase of the securities specified in such notice.

The issuance or sale by Blair of any of the securities referred to in clauses (i) to (xi), inclusive, below shall not give rise to any right of Optionee to purchase securities under the foregoing provisions of this Section 3(a):

(i) shares of capital stock issued pursuant to the express provisions of the Pre-Merger Agreement dated October 31, 1963 referred

to in Section 5C.6 of Blair's Certificate of Incorporation, as amended;

(ii) shares of capital stock issued pursuant to the express provisions of the Plan of Reorganization dated as of September 28, 1966 between Blair and P. W. Brooks & Co., Incorporated;

(iii) shares of capital stock issued or sold pursuant to exercise of the Options; and shares of capital stock issued or sold pursuant to the exercise of options to purchase not more than 22,800 shares of $4 Preferred Stock and not more than 90,400 shares of Common Stock which may be issued or sold to lenders of senior capital to Blair prior to July 15, 1970 pursuant to option agreements either substantially similar (except as to the amounts of equity securities and senior capital involved) to this Agreement or the terms of which shall be determined in good faith by the Board of Directors to be not less favorable to Blair than the terms of this Agreement;

(iv) not more than 22,000 shares of Common Stock which may be issued or sold to employees for incentive purposes (including without limitation shares which may be issued or delivered to employees of the Corporation pursuant to the Employee Stock Bonus Plan adopted by the Board of Directors of the Corporation effective as of January 1, 1968);

(v) shares of capital stock issued or sold pursuant to the exercise of options issued to employees of Blair and its subsidiaries to purchase shares of capital stock of Blair, including shares of Common Stock aggregating not more than 10% of the total number of shares of Common Stock outstanding at the date hereof, provided that any such options so issued shall qualify as "qualified stock options" as defined in Section 422 of the Internal Revenue Code of 1954, as amended, or any statutory or regulatory provisions of comparable effect and intent to said Section 422;

(vi) not more than 5,276 shares of $4 Preferred Stock and 20,555 shares of Common Stock issued or sold under Blair's Stock Purchase Plan pursuant to subscription agreements entered into with employees prior to the date of this Agreement;

(vii) shares of capital stock issued or sold pursuant to the conversion of any of the $250,000 principal amount of Blair's outstanding Convertible Subordinated Debenture Notes;

(viii) shares of Voting Common Stock exchanged for a like number of shares of Non-Voting Common Stock and shares of Non-Voting Common Stock exchanged for a like number of shares of Voting Common Stock;

(ix) securities issued in good faith pursuant to the merger or consolidation of Blair with another corporation; provided, however, that the exclusion of securities so issued from the operation of the first paragraph of this Section 3(a) shall not in any way affect or reduce the rights of Optionee provided for in Section 2(e) hereof;

(x) shares of capital stock issued or sold pursuant to the exercise of options granted under this Section 3(a); and shares of capital stock issued or sold pursuant to provisions of the option agreements referred to in clause (iii) of this paragraph of Section 3(a) comparable to those contained in the first paragraph of this Section 3(a); and

(xi) shares of capital stock issued as a stock dividend upon, or resulting from a subdivision of, other shares of capital stock.

(b) In case Blair shall (1) pay a dividend in shares of its capital stock, (2) subdivide the outstanding shares of any class of its capital stock which is at such time subject to options granted pursuant to Section 3(a) hereof, (3) combine the outstanding shares of any class of its capital stock which is at such time subject to options granted pursuant to Section 3(a) hereof into a smaller number of shares, or (4) issue by reclassification of shares of any class of its capital stock which is at such time subject to options granted pursuant to Section 3(a) hereof, any shares of another class of capital stock of Blair, Optionee shall thereafter be entitled to receive upon exercise of any such options the securities which he would have owned after the happening of any of the events described above, and at the aggregate price he would have paid, had such options been exercised immediately prior to the happening of such event.

(c) In case of any consolidation of Blair with, or merger of Blair into, another corporation (other than a consolidation or merger in which Blair is the continuing corporation), or in case of any sale or conveyance to another corporation of the property of Blair as an entirety or substantially as an entirety, such successor or purchasing corporation, as the case may be, shall make lawful and adequate provision so that all options theretofore granted pursuant to Section 3(a) hereof shall survive and Optionee shall have the right to acquire upon exercise of each such option the kind and amount of securities receivable upon such consolidation, merger, sale or conveyance by a holder of the number and amount of securities issuable upon exercise of such option immediately prior to such consolidation, merger, sale or conveyance.

4. So long as Optionee holds any shares of capital stock acquired upon exercise of the Options (referred to in this Section 4 as the "Shares"), Blair agrees that if it shall register any of its securities under the Securities Act of 1933 on a Form S-1 registration statement or a form comparable thereto (other than a registration relating solely to an exchange of Blair securities for securities of another corporation) Blair will promptly so advise Optionee and offer Optionee a reasonable opportunity, at Blair's sole expense, to include Shares owned by Optionee in such registration on the following bases:

(a) if said registration statement is filed prior to the end of the eighteen-month period following the date hereof, Optionee may include therein not more than 25% of the Shares deliverable upon exercise of the maximum number of Options at any time outstanding hereunder; or

(b) if said registration statement is filed prior to the end of the thirty-month period following the date hereof, Optionee may include therein not more than a number of Shares which, when added to the number of Shares theretofore included in any registration statement pursuant to this Section 4, shall not exceed 50% of the Shares deliverable upon exercise of the maximum number of Options at any time outstanding hereunder; or

(c) if said registration statement is filed after the end of the aforesaid thirty-month period, Optionee may include therein such number of Shares as Optionee shall elect; or

(d) if, pursuant to said registration statement, persons other than Blair are, and Blair is not, offering securities of Blair, Optionee may include therein such number of Shares as Optionee shall elect.

The rights of Optionee under this Section 4 shall terminate at the close of business on April 30, 1978.

5. Blair covenants that it will at all times reserve and keep available, solely for the purpose of sale upon exercise of the Options as herein provided, such number of shares of $4 Preferred Stock and Non-Voting Common Stock as shall be purchasable by Optionee upon exercise of the Options, and, from the date of the grant of any options pursuant to Section 3 hereof, it will at all times thereafter reserve and keep available, solely for the purpose of sale upon exercise of any such options, such number and amount of securities as shall be purchasable by Optionee, upon exercise of such options.

6. Notwithstanding anything contained in the Certificate of Incorporation, as amended, of Blair, including without limitation, Division B of Article V thereof, Optionee shall have no right to require Blair to purchase all or any shares of capital stock acquired by Optionee pursuant to any provisions of this Agreement until after the expiration of thirty months from the date hereof.

7. Blair represents and warrants that the execution and delivery of this Agreement have been duly authorized by all necessary corporate action on the part of Blair. Optionee acknowledges that the granting of the Option or any options pursuant to Section 3 hereof, and the exercise therefor may be subject to the obtaining of consents or approvals of the New York Stock Exchange and other exchanges, boards of trade, clearing corporations or similar institutions on which Blair has membership privileges. Accordingly, Optionee agrees that none of the Options or any options granted pursuant to Section 3(a) hereof shall be exercised until all requisite approvals and consents with respect to the Options or such options, as the case may be, have been obtained. Blair and Optionee agree to use their best efforts to obtain all such approvals and consents.

8. Although at the date of this Agreement Optionee is not eligible under the Rules of the Board of Governors of

the New York Stock Exchange to be a holder of voting stock of Blair, if at the time of any exercise of the Options or any options granted pursuant to Section 3 hereof, in whole or in part, Optionee is eligible to hold voting stock of Blair there shall be issued or delivered to Optionee upon such exercise, in lieu of such number of shares of Non-Voting Common Stock which are issuable or deliverable to Optionee upon any such exercise, an equal number of shares of such Voting Common Stock.

9. Optionee will not, without the consent of Blair, assign, transfer or otherwise dispose of any or all of the Options or of any or all options granted pursuant to Section 3(a) hereof, except (i) by Optionee's will or pursuant to the laws of descent and distribution, or (ii) to a trustee or trustees of a testamentary trust from Optionee's estate or to a successor trustee or trustees of any such trust from a predecessor trustee or trustees.

10. In order to induce Optionee to make the Loan and to comply with the terms thereof, Blair hereby represents and warrants to Optionee that (except as Blair has otherwise advised Optionee) Blair has no knowledge that it is under investigation with respect to any material violation by it of, nor does it have knowledge of any material violation by it of, any provision of federal, state or other applicable law or any administrative regulation or any rule of the National Association of Securities Dealers, Inc. or of the New York Stock Exchange or any other exchange, board of trade, clearing corporation or similar institution of which Blair is a member.

11. Any notice or other communication required or permitted by this Agreement to be given to any of the parties hereto shall be sufficiently given for all purposes if it shall be deposited postage prepaid in a post office letter box addressed (until another address is given in writing by any party to the other party) as follows:

Blair & Co., Inc.
20 Broad Street
New York, New York 10005
Attention: President

To the Optionee, the address set forth below Optionee's signature below.

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Plaintiffs' Exhibit 10

12. Any dispute arising hereunder shall be submitted to arbitration in accordance with the rules of the Board of Arbitration of the New York Stock Exchange, except that the arbitrators shall have no authority to modify any provision of this Agreement or vary the performance called for hereunder.

13. All of the provisions of this Agreement and all of the rights of the undersigned shall be subject to the constitution or charter and to the duly promulgated rules and regulations of each securities exchange, board of trade and each other association purporting to govern the mode of conduct of security dealers of which Blair is a member.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

BLAIR & CO., INC.

By B. H. Hackman
Vice President

John P. Foley Jr.
Optionee

50 East 42nd Street
New York, New York 10017
Address

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PLAINTIFFS' EXHIBIT 11

CMC OPTION AGREEMENT, APRIL 3, 1970

CMC OPTION AGREEMENT

AGREEMENT, dated April 3, 1970, among BLAIR & CO., INC. ("Blair"), a Delaware corporation, CAPITAL MANAGEMENT CORPORATION, a Pennsylvania corporation and a "corporate affiliate" of Blair under Rule 321 of the Board of Governors of the New York Stock Exchange ("CMC"), and JOHN P. FOLEY, JR. ("Optionee").

In consideration of the mutual promises herein contained and other good and valuable considerations, and subject to the terms, conditions and restrictions herein contained, the parties hereto agree as follows:

1. Concurrently herewith Optionee has made a subordinated loan to Blair evidenced by a Secured Note of Optionee and a Collateral Agreement between Optionee and Blair pursuant to which Optionee has pledged as collateral for the Secured Note cash and/or marketable securities having a value for computing net capital value under Rule 325 of the Board of Governors of the New York Stock Exchange of not less than $2,500,000. Said Secured Note, Collateral Agreement and collateral pledged thereunder as aforesaid are herein called the "Loan".

2. Blair hereby grants to Optionee options ("Options") to purchase from Blair 40,000 shares of Class A Common Stock, $.10 par value ("Class A Stock"), of CMC held of record by Blair pursuant to and in accordance with the terms and provisions of Deposit Agreements, dated as of October 23, 1968, in the form annexed hereto as Exhibit I (said form of Deposit Agreement being herein called the "Deposit Agreement").

The term "Common Stock", as used in this Agreement, shall mean the Class A Common Stock and CMC's Class B Common Stock, $.10 par value, each as presently constituted, and any other shares of capital stock of CMC of any class which shall have the right to participate in dividends without limit as to amount or percentage, whether or not such shares have a preference over any other shares as to assets on liquidation or as to dividends.

3. The Options granted hereby may be exercised by Optionee as a whole at any time or in part from time to time

during the period commencing, subject to Section 5 hereof, on the date hereof and terminating at the earlier of (i) five years after the date hereof, or (ii) upon withdrawal of the Loan by Optionee if such withdrawal shall occur prior to the expiration of thirty months after the date hereof, by the execution and mailing by Optionee to Blair at 20 Broad Street, New York, New York 10005, of a written notice of election to exercise. As soon as practicable after the mailing of each such election Blair will sell to Optionee at the aforesaid office of Blair the number of fully paid and nonassessable shares of Class A Stock specified in said notice, upon (iii) payment therefor of the Exercise Price provided in Section 4, (iv) execution and delivery by Optionee to Blair of a deposit Agreement substantially in the form attached as Exhibit I hereto (with appropriate changes therein, in particular in paragraphs 1 and 2 thereof) and (v) execution and delivery by Optionee to Blair and CMC of an agreement, substantially in the form of Agreement of Stockholders made as of the 23rd day of October 1968, among CMC, Blair and holders of securities of CMC, a copy of which is attached hereto as Exhibit II. Nothing herein contained shall result in termination of the Options upon return or decrease of the aforementioned Secured Note pursuant to paragraph VI(a) of the aforementioned Collateral Agreement or upon prepayment, at the option of Blair, of the Debenture which may be issued to Optionee pursuant to said Collateral Agreement.

4. (a) The price at which Class A Stock shall be purchasable upon exercise, pursuant to Section 3 hereof, of the Options, in whole or in part (herein called the "Exercise Price"), shall initially be $25 per share.

(b) The Exercise Price and, in certain cases, the number of shares of Class A Stock purchasable upon exercise of the Options shall be subject to adjustment from time to time as follows:

(i) If and whenever CMC shall issue or sell any shares of Common Stock for a consideration per share less than the Exercise Price in effect immediately prior to the time of such issue or sale, or without consideration (except for the issuance of Common Stock upon any subdivision or combination of outstanding shares of Common Stock or as a distribution of shares of Common Stock by way of a stock dividend or distribution) then, forthwith upon such issue or sale, the Exercise

Price shall be adjusted to a price (calculated to the nearest cent) determined by dividing (u) the sum of $14,421,550 (being the amount obtained by multiplying the number of shares of Common Stock outstanding at the date hereof by $25) plus the aggregate consideration, if any, received by CMC for all issues or sales, including such issue or sale, by CMC subsequent to the date hereof by (v) the total number of shares of Common Stock outstanding immediately after such issue or sale; provided that no such adjustment shall be made pursuant to this subparagraph (i) unless the Exercise Price in effect immediately prior to such issue or sale would be reduced thereby.

In case any shares of Common Stock shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by CMC therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by CMC in connection therewith. In case any shares of Common Stock shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by CMC shall be deemed to be the fair value of such consideration at or about, and as of, the date of adoption of the resolution authorizing such issue or sale as determined by the Board of Directors of CMC, without deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by CMC in connection therewith.

In case of the issuance or sale of any shares of Common Stock pursuant to the conversion or exchange of any obligations or of any shares of stock of CMC that shall be convertible into or exchangeable for shares of Common Stock or pursuant to the exercise of rights or options to subscribe for or to purchase shares of Common Stock, the amount of the consideration received by CMC for such shares of Common Stock shall be deemed to be the total of (1) the consideration received by CMC for the obligations, shares, rights or options, as the case may be, originally issued, plus (2) the consideration, if any, other than such obligations, shares, rights or options, received by CMC pursuant to the conversion, exchange or exercise thereof.

(ii) In case CMC shall issue any shares of Common Stock as a dividend or other distribution on any stock of CMC, (1) the Exercise Price in effect immediately prior to such issue shall be reduced by multiplying the same by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately prior to such issue and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, and (2) the number of shares of Class A Stock purchasable upon exercise of the Options immediately prior to such issue shall be increased to the number obtained by multiplying the Exercise Price in effect immediately prior to such decrease of the Exercise Price by the number of shares purchasable immediately prior thereto upon exercise of the Options and dividing the product thereof by the Exercise Price resulting from such decrease.

(iii) In case the outstanding shares of Common Stock shall be subdivided into a greater or combined into a lesser number of shares of such stock, the Exercise Price in effect immediately prior to such subdivision or combination shall be proportionately decreased or increased, as the case may be, and the number of shares of Class A Stock purchasable upon exercise of the Options shall be proportionately increased or decreased, as the case may be, effective at the close of business on the date upon which such subdivision or combination shall become effective.

(iv) Anything in this paragraph (b) to the contrary notwithstanding, no adjustment of the Exercise Price or of the number of shares purchasable upon exercise of the Options shall be made in connection with (A) the issuance or sale of securities of CMC described in clauses (i) through (iv) of the second paragraph of Section 6 hereof, or (B) the issuance of shares of capital stock as a stock dividend upon, or in respect of any subdivision of, (1) any shares of stock described in the foregoing subclause (A) or (2) any shares so issued as a stock dividend upon or in respect of any such subdivision; and the shares of capital stock, the issuance or sale of which does not pursuant to this subparagraph (iv) require an adjustment of the Exercise Price,

shall not be deemed to have been issued or sold nor to be outstanding for the purposes of any computation, pursuant to this Section 4, of an adjustment in the Exercise Price or the number of shares purchasable upon exercise of the Options.

(v) If any capital reorganization or reclassification of the capital stock of CMC, or consolidation or merger of CMC with another corporation, or sale of all or substantially all of its assets to another corporation shall be effected, then lawful and adequate provision shall be made whereby Optionee shall thereafter and during the life of the Options have the right to purchase and receive upon the basis and upon the terms and conditions specified in this Agreement and in lieu of the shares of the Class A Stock of CMC immediately theretofore purchasable and receivable upon the exercise of the Options, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Class A Stock equal to the number of shares of such Class A Stock immediately theretofore purchasable and receivable upon the exercise of the Options had such reorganization, reclassification, consolidation, merger or sale not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of Optionee to the end that the provisions of this Agreement (including without limitation provisions for adjustment of the Exercise Price and of the number of shares purchasable upon exercise of the Options) shall thereafter be applicable as nearly as may be, in relation to any shares of stock, securities or assets thereafter purchasable upon exercise of the Options.

(c) In case at any time the total number of shares purchasable upon exercise of the Options shall be increased or decreased pursuant to any of the provisions of this Section 4, such total number of shares purchasable shall be rounded out to the nearest full share and no adjustment shall be made with respect to any fractional share of Class A Stock which otherwise would be purchasable as a result of any computation made pursuant to this Section.

(d) The number of shares of Common Stock at any time outstanding shall not include any shares then owned or held by or for the account of CMC.

5. Blair represents and warrants that the execution and delivery of this Agreement by Blair have been duly authorized by the Board of Directors of Blair and have been duly consented to by persons having beneficial interests in the shares of Class A Common Stock subject to the Options.

CMC represents and warrants that the execution and delivery of this Agreement by CMC have been duly authorized by all necessary corporate action on the part of CMC.

Optionee acknowledges that the granting of the Options and the exercise thereof may be subject to the obtaining of consents or approvals of the New York Stock Exchange and other exchanges, boards of trade, clearing corporations or similar institutions on which Blair has membership privileges. Accordingly, Optionee agrees that the Options shall not be exercised until all such approvals and consents have been obtained. Blair and Optionee agree to use their best efforts to obtain all such approvals and consents.

6. CMC agrees that so long as the Options or any portion thereof shall be outstanding, each time that CMC shall issue or sell shares of its capital stock of any class or securities convertible into or exchangeable for, or options or rights to purchase, shares of its capital stock of any class for an aggregate consideration of $100,000 or more, either in a single transaction or cumulatively in a series of transactions commencing with the first such transaction after the date of this Agreement and thereafter commencing with the first transaction following the last transaction which under the provisions of this Section 6 shall have given rise to a right of Optionee to purchase securities, Optionee shall have the right to purchase from CMC, on terms not less favorable than the terms upon which such securities are sold to others, securities of the same class or classes, kind or kinds as shall have been sold to others in an amount which bears the same proportion to the total securities issued or sold in such transaction or series of transactions as the number of shares of Common Stock purchasable upon exercise of the Options bears to the total number of issued and outstanding shares (excluding treasury shares) of Common Stock. CMC will notify Optionee in writing whenever it shall issue or sell, or make a binding commitment to issue or sell, any of its securities for an aggregate consideration of $100,000 or more, either in a single transaction or cumulatively as aforesaid, which notice shall also state the price or prices at which such securities were or are to be sold. Optionee shall within 30 days after the date upon which such notice is given by CMC

notify CMC in writing as to whether or not he elects to exercise his right to purchase securities as herein provided, and if Optionee shall elect not to purchase such securities or shall not purchase such securities within 45 days after the date of such notice by CMC, the right of Optionee to purchase such securities shall lapse.

The issuance or sale by CMC of any of the securities referred to in clauses (i) to (vi), inclusive, below shall not give rise to any right of Optionee to purchase securities under the foregoing provisions of this Section 6:

(i) shares of capital stock issued or sold pursuant to the exercise of the Options; or pursuant to the exercise of options to purchase Common Stock which options may be issued to lenders of senior capital to Blair prior to July 15, 1970 pursuant to option agreements substantially similar (except as to the amounts of equity securities and senior capital involved) to this Agreement;

(ii) shares of Common Stock which may be issued or sold to employees for incentive purposes for an aggregate consideration of not more than $100,000;

(iii) shares of Common Stock issued pursuant to the exercise of options issued to employees of CMC to purchase shares of Common Stock of CMC aggregating not more than 10% of the total number of shares of Common Stock of CMC at the date hereof, provided that any such options so issued shall qualify as "qualified stock options" as defined in Section 422 of the Internal Revenue Code of 1954, as amended, or any statutory or regulatory provisions of comparable effect and intent to said Section 422;

(iv) shares of capital stock of CMC issued pursuant to the conversion of any of the $2,000,000 outstanding principal amount of CMC's Convertible Debentures;

(v) securities issued in good faith pursuant to the merger or consolidation of CMC with another corporation; provided, however, that the exclusion of securities so issued from the operation of the first paragraph of this Section 6 shall not in any way affect or reduce the right of Optionee provided for in Section 4(b)(v) hereof; and

(vi) shares of capital stock issued as a stock dividend upon, or resulting from a subdivision of, other shares of capital stock.

7. Optionee will not, without the consent of Blair, assign, transfer or otherwise dispose of any or all of the Options except (i) by Optionee's will or pursuant to the laws of descent and distribution, or (ii) to a trustee or trustees of a testamentary trust from Optionee's estate or to a successor trustee or trustees of any such trust from a predecessor trustee or trustees.

8. CMC agrees that if it shall, in accordance with the Agreement of Stockholders dated as of October 23, 1968 or otherwise, purchase any of the shares of Class A Stock held by Blair pursuant to the Deposit Agreement, it will resell to Blair the shares so purchased, at a price equal to the price paid by CMC for such shares, in order that such shares shall remain subject to the Options. Blair agrees that if any of such shares shall have been purchased by CMC pursuant to the provisions of paragraph (c) of Section 1 of said Agreement of Stockholders and resold to Blair as herein provided, Blair will pay over to CMC such portion of the consideration as shall thereafter be received by Blair upon exercise of the Options, or any part thereof, by Optionee which bears the same proportion to the total consideration received by Blair upon such exercise as the total number of shares theretofore purchased by CMC pursuant to paragraph (c) of Section 1 of said Agreement of Stockholders and then sold to Blair as herein provided bears to the total number of shares purchasable at the date hereof by Optionee upon exercise of the Options.

9. So long as Optionee holds any shares of capital stock acquired upon exercise of the Options, CMC agrees that if it shall register any of its ~~securities~~ under the Securities Act of 1933 on a Form S-1 registration statement or a form comparable thereto (other than a registration relating solely to an exchange of CMC securities for securities of another corporation) CMC will promptly so advise Optionee and offer Optionee a reasonable opportunity, at CMC's sole expense, to include any such shares, owned by Optionee, in such registration. The rights of Optionee under this Section 9 shall terminate at the close of business on April 30, 1978.

10. Any notice or other communication required or permitted by this Agreement to be given to any of the parties hereto shall be sufficiently given for all purposes if it shall be deposited postage prepaid in a post office letter box addressed (until another address is given in writing by any party to the other party) as follows:

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Plaintiffs' Exhibit 11

Blair & Co., Inc.
20 Broad Street
New York, New York 10005
Attention: President

Capital Management Corporation
1700 Market Street
Philadelphia, Pennsylvania 19103

To the Optionee, the address
set forth opposite Optionee's
signature below.

11. Any dispute arising hereunder shall be submitted to arbitration in accordance with the rules of the Board of Arbitration of the New York Stock Exchange, except that the arbitrators shall have no authority to modify any provision of this Agreement or vary the performance called for hereunder.

12. All provisions of this Agreement and all rights hereunder of the parties hereto shall be subject to the constitution or charter and to the duly promulgated rules and regulations of each securities exchange, board of trade and each other association purporting to govern the mode of conduct of security dealers of which Blair is a member.

13. The only provisions of this Agreement to whic. CMC shall be considered a party hereto and by which CMC shall be bound are the second paragraph of Section 5, and Sections 6, 8, 9, 10, 11 and 12 hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

BLAIR & CO., INC.

By B. H. Hobson
Vice President

CAPITAL MANAGEMENT CORPORATION

By [illegible]
President

John T. Fitzgerald Jr.
Optionee

50 East 42nd St., New York, N. Y. 10017
Address

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PLAINTIFFS' EXHIBIT 12

LETTER BLAIR TO FOLEY, APRIL 3, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALD NEWYORK

Telephone
DI 4-4000

April 3, 1970

Mr. John P. Foley, Jr.
50 East 42nd Street
New York, New York 10017

Dear Sir:

We refer to the agreement, of even date herewith, between the undersigned and you wherein, subject to the terms and conditions set forth therein, the undersigned ("Blair") has this day granted to you options to purchase from Blair shares of capital stock of Blair (the "Blair Option Agreement") and the agreement, also of even date herewith, between Blair, you and, to the extent set forth therein, Capital Management Corporation under which, subject to the terms and conditions set forth therein, Blair has this day granted to you options to purchase from Blair 40,000 shares of Class A Common Stock of Capital Management Corporation (the "CMC Option Agreement"). This letter will serve as a supplement to and modification of the Blair Option Agreement and the CMC Option Agreement.

1. Blair acknowledges receipt of the Secured Note, Collateral Agreement and collateral pledged thereunder referred to in Section 1 of the Blair Option Agreement and the CMC Option Agreement, said collateral having a net capital value under Rule 325 of the Board of Governors of the New York Stock Exchange of approximately $1,950,000 (rather than not less than $2,500,000 as referred to in said Section 1). You are presently seeking to increase the Loan by depositing with Blair additional collateral consisting of shares of Common Stock of Amicon Corporation or other securities, and we are agreeable to increasing the Loan if the additional collateral securing payment of the same shall be deposited with Blair on or prior to July 15, 1970 and if, at the time of such deposit, said collateral shall have a net capital value under Rule 325 of not less than $550,000.

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Plaintiffs' Exhibit 12

2. You and Blair agree that the options provided for in Section 2 of the Blair Option Agreement shall be options to purchase from Blair an aggregate of 2,496 Units (rather than 3,200 Units) or, in lieu of said 2,496 Units, an aggregate of 2,795 shares of $4 Preferred Stock (rather than 3,584 shares). If the aforesaid additional collateral shall be deposited by you on or prior to July 15, 1970 and the Loan increased as aforesaid, the number of Units and/or shares of $4 Preferred Stock purchasable pursuant to the exercise of options under the Blair Option Agreement shall automatically be increased by 704 Units and 789 shares of $4 Preferred Stock, respectively. Terms used in this paragraph 2 which are defined in the Blair Option Agreement shall have the same meanings in this paragraph 2 as defined in said Agreement. Except as modified and supplemented hereby, the Blair Option Agreement shall remain in full force and effect.

3. You and Blair agree that the options provided for in Section 2 of the CMC Option Agreement shall be options to purchase from Blair an aggregate of 31,200 shares of Class A Common Stock of CMC (rather than 40,000 shares of Class A Common Stock of CMC). If the aforesaid additional collateral shall be deposited by you on or prior to July 15, 1970 and the Loan increased as aforesaid, the options to purchase Class A Common Stock pursuant to the CMC Option Agreement shall automatically be increased by 8,800 shares of Class A Common Stock. Terms used in this paragraph 3 which are defined in the CMC Option Agreement shall have the same meanings in this paragraph 3 as defined in said Agreement. Except as modified and supplemented hereby, the CMC Option Agreement shall remain in full force and effect.

If the foregoing is acceptable to you, please so indicate by signing this letter in the space indicated below, whereupon this letter shall be a valid and binding Agreement of you and Blair, supplementing and modifying the Blair Option Agreement and the CMC Option Agreement as herein set forth.

Very truly yours,

BLAIR & CO., INC.

By B. W. Heffron
Vice President

Accepted and confirmed, this
3rd day of April, 1970.

John P. Foley, Jr.
John P. Foley, Jr.

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PLAINTIFFS' EXHIBIT 13

KNOWLEDGEABILITY LETTER FOLEY TO NYSE, APRIL 3, 1970

April 3, 1970

New York Stock Exchange
11 Wall Street
New York, New York 10005

Attention: Department of Member Firms -
Division of Finance

Gentlemen:

Accepting the suggestion of the New York Stock Exchange, I have conducted such investigation of Blair & Co., Inc. and of its participants as I consider desirable, appropriate and necessary under the circumstances. Further, I have been furnished with all financial information with respect to Blair & Co., Inc. as I have requested, including the latest certified audit by Arthur Young and Company dated December 5, 1969 and a recent computation of net capital prepared by Blair & Co., Inc. as of February 28, 1970, which indicates that as of that date Blair & Co., Inc. was in violation of Rule 325 of the Board of Governors of the New York Stock Exchange.

My subordinated loan to Blair & Co., Inc. of even date herewith is not being made in reliance upon the standing of Blair & Co., Inc. as a member organization of the New York Stock Exchange or on the Exchange's surveillance of the organization or its capital position. I am familiar with the fact that Blair & Co., Inc. has books and record problems as a result of conversion to the Midwest Stock Exchange Service Bureau and that the New York Stock Exchange has placed restrictions upon Blair & Co., Inc. as set forth in its letter of March 10, 1970.

I agree that the New York Stock Exchange has no responsibility to disclose to me information concerning Blair & Co., Inc. which it may now have or at any time in the future may have or to protect my interest in the member organization. I agree, for myself, my personal representatives, successors and assigns, that neither the New York Stock Exchange, its Special Trust Fund nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to me with respect to Blair & Co., Inc.

Very truly yours,

John P. Foley Jr.

(John P. Foley, Jr.)

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PLAINTIFFS' EXHIBIT 14

APPLICATION FOLEY TO NYSE, APRIL 3, 1970

NEW YORK STOCK EXCHANGE

ALLIED MEMBER OR NON-MEMBER APPLICATION
(LONG FORM)

INSTRUCTIONS

1. Print or type answers
2. Answer *all* questions (state "None" if appropriate)
3. Answer questions *fully*, attaching separate signed sheets or letter of explanation, if necessary
4. File two copies with Office of the Secretary
5. Also file two copies of Financial Supplement (Form AD 2A or AD 2B).
6. Rules 17a-5 and 17a-8 — as amended — under the Securities Exchange Act of 1934, require retention of a copy of this application by the Member Organization

Attention of applicants is drawn to the following provisions of Article XIV of the Constitution of the Exchange:

Sec. 2. Whenever the Board of Governors, by the affirmative vote of a majority of the Governors then in office, shall determine that a member prior to his application for membership, or an allied member prior to the approval of him as a partner in a member firm or as a stockholder in a member corporation, had been guilty of a fraudulent or dishonest act and that the facts and circumstances thereof were not disclosed to the Exchange on his application for membership, or on the application for approval, as the case may be, such member or allied member shall be expelled.

Sec. 5. A member or allied member who shall be adjudged guilty, by the affirmative vote of a majority of the Governors then in office, of making a misstatement upon a material point to the Board of Governors or to a committee authorized thereby or to the Board of Directors of Stock Clearing Corporation or of making on his application for membership, or on the application for approval of him as a partner in a member firm or as a stockholder in a member corporation, a material misstatement to the Exchange may be suspended or expelled as the Board may determine.

By filing this application, an applicant for approval as a limited partner, holder of non-voting stock, holder of debentures, or in any other non-member status requiring approval by the Board of Governors, agrees that approval may be denied or, if granted, may be suspended or withdrawn by the Exchange at any time.

Application for approval by the Board of Governors

of JOHN P. FOLEY, JR. as
(Give name as it should be shown in Exchange publications.)

- ☐ an allied member of the New York Stock Exchange and a holder of voting stock
- ☐ an allied member of the New York Stock Exchange and a general partner
- ☐ a holder of non-voting stock
- ☐ a limited partner
- ☐ a holder of debentures
- ☐ Subordinated lender

of the member organization, BLAIR & CO., INC.

to be effective on approval

Address at which applicant will make his office not applicable

I submit the following true, complete and accurate statement of my personal and business history

1. Full name JOHN PORTER FOLEY, JR. Age 59
2. Home address 121 East 38th Street, New York, N. Y. 10016
3. Bloomington, Indiana (Place of birth) · May 16, 1910 (Month Day Year of birth) 577-20-6944 (Soc. Sec. No.)
4. I am a { native born citizen of the United States. / citizen of the United States. / ~~naturalized~~ }

(If a naturalized citizen, submit certificate of naturalization; if U. S. citizenship is claimed because of birth of American parents residing at time of birth in a foreign country, submit proof of citizenship; if a citizen of foreign country, submit proof of entry into United States.)

5. If married, { ~~maiden name~~ / wife's maiden name ANNE ANASTASI }
6. Father's name and, if living, his address JOHN PORTER FOLEY, deceased

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Plaintiffs' Exhibit 14

7 I am or have been a member of the following clubs, societies or fraternal organizations:
(Give names and addresses)

See Rider

8 I have attended the following educational institutions: (*start with elementary schools*)

From Mo.	From Yr.	To Mo.	To Yr.	Name and Address of Institution	Day or Evening	Graduate (Yes or No)	Degree
9	17	6	22	McCalla School Bloomington, Ind.	day	yes	no
9	22	6	27	Bloomington Jr. & Sr. H.S. Bloomington, Ind.	day	yes	no
9	27	6	31	Indiana U. Bloomington, Ind.	day	yes	B.A.
9	31	6	32	Columbia U. New York City	day	yes	M.A.
9	32	6	35	Columbia U. New York City	day	yes	Ph.D

SUBSTANTIALLY ALL TIME MUST BE ACCOUNTED FOR WHEN ANSWERING STATEMENTS 8 AND 9. GIVE RESIDENCE ADDRESS FOR SUCH TIMES AS YOU WERE NEITHER ATTENDING SCHOOL NOR ENGAGED IN BUSINESS.

9 The following is a complete, consecutive statement of my business history since leaving school or college: (For service with the armed forces, give dates, branch of service, rank or rate, identification number and type of discharge).

From Mo.	From Yr.	To Mo.	To Yr.	Name of Business and Address (Street, City and State)	Nature of Business	Position Held	Reason for Terminating Connection
	35	9	36	Columbia University New York City	Research	Research Assoc.	to teach
	36	3	43	George Washington University Washington, D. C.	Teaching & Research	Instructor Asst Prof	to enter industry
	43	12	55	Psychological Corp. 522 - 5th Avenue, N.Y.C.	M'gment Consulting	Dir Exp Lab Staff Mbr. V.P.Dir of Ind. Div.	to form own firm
	56	date		J. P. FOley & Co., Inc.	M'gment Consulting	Pres.	

ALL BUSINESS CONNECTIONS NOT SHOWN IN STATEMENT 9 MUST BE SHOWN IN ANSWER TO STATEMENT 10.

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Plaintiffs' Exhibit 14

10 (a) I am at present a proprietor, partner, director, officer, controlling stockholder, employee, or member of the following business organizations: (Give full details including address, type of business, date connection was established, paid or not, amount of time devoted thereto and compensation received.)

J. P. Foley & Co., Inc. 50 E. 42 St., NYC. Dir, Pres, & Controlling Stkhldr; Rogers Corp., Rogers, Conn.-Director; Amicon Corp., Lexington, Mass. Dir; Consulting Psychologists Pres, Inc. Palo Alto, Cal., Dir.

(b) I have at present a financial interest (through direct or indirect stock or bond ownership, through outstanding loans, or otherwise) in the following companies engaged in a securities or financial or kindred business: (Give full details)

None

(c) I was formerly a proprietor, partner, director, officer, employee, or member of the following business organizations: (Give dates of connection, type of business, address and position held.)

Psychological Corp. - 522 - 5th Avenue, V. Pres.

11 (a) I have, or have had during the past ten years, transactions with the following brokerage houses, either in my own name or in another style: (Give addresses. State style used for transactions not conducted in own name.)

Shields & Co.

Loeb, Rhodes & Co.

Chas. Plohn Co.

Reynolds & Co. Bregman, Cummings & Co.

(b) I have, or have had during the past ten years, accounts or other dealings (including loans granted or denied) with the following banks or other financial organizations, either in my own name or in another style: (Give addresses. State style used for accounts or loans not carried in own name.)

Chase Manhattan Bank - 60 E. 42nd Street

1st National City Bank - 42nd Street & Madison Avenue

Chemical Bank - Park Avenue & 41st Street

ANSWER "YES" OR "NO" TO QUESTIONS 12 THROUGH 21.

12. Have you ever used or been known by any name or style other than as shown in Statements 1 and 11 above? NO

13. (a) Have you ever been refused a bond by a surety company? NO

(b) Has any surety company paid out any funds on your coverage or cancelled your coverage? NO

14. Have your services ever been terminated by any employer? NO

15. In your previous business connections or employment in any capacity, has any transaction under your attention ever been the subject of a legal proceeding or a written complaint? YES (See Rider)

16. (a) Have you ever been a member, or associated as a principal with a member, of any securities or commodity exchange? NO

(b) Have you ever been a member, or associated as a principal with a member, of the National Association of Securities Dealers, Inc., or any other association of security or commodity brokers, dealers, investment bankers or investment advisors? NO

(c) Has any application for your approval by such an exchange or association, as a member or otherwise, ever been denied or withdrawn? NO

(d) Have you ever been associated (as a principal, employee or otherwise) with any organization which, or a principal of which, to your knowledge was refused membership or withdrew an application for membership in such an exchange or association? NO

17. (a) Have you ever been expelled, suspended or otherwise disciplined by the Securities and Exchange Commission or have your activities ever been the subject of an in- NO

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Plaintiffs' Exhibit 14

(b) Have you ever been expelled, suspended, fined, censured or otherwise disciplined by a securities exchange, commodity exchange, the National Association of Securities Dealers, Inc., or any other association of security or commodity brokers, dealers, investment bankers or investment advisors? NO

(c) Have your activities ever been the subject of an investigation by such an exchange or association, or by or on behalf of any State securities commission? NO

(d) Have you ever been associated (as a principal, employee or otherwise) with any organization which, or a principal of which, to your knowledge was expelled, suspended or otherwise disciplined by such an exchange or association or by the Securities and Exchange Commission? NO

18. (a) Have you ever been denied a license, franchise, permit, certificate or registration required to engage in the securities, commodities, or any other business or profession? NO

(b) Has any such license, franchise, permit, certificate or registration which you have held ever been suspended or revoked? NO

(c) Have you ever been prohibited, temporarily or otherwise, from engaging in the securities, commodities, or any other business or profession, or from dealing in any particular security or commodity? NO

(d) Have you ever been associated with any organization which, or a principal of which, to your knowledge has been prohibited from engaging in any business or profession or from dealing in any particular security or commodity, or whose license, franchise, permit, certificate or registration required to engage in any business or profession has been denied, suspended or revoked? NO

19. (a) Have you ever been arrested for, or formally charged with, the violation of any criminal law (other than minor traffic violations) or have you ever been accused before a court-martial? NO

(b) Are you now or have you ever been involved as a party in any other proceeding before a court, an arbitration tribunal, an administrative agency, or other regulatory body? See item 15

20. Have any judgments, liens, attachments or other encumbrances ever been taken or filed against you? NO

21. Have you, or any organization with which you have been associated, ever failed in business, made a compromise with or an assignment for the benefit of creditors, taken advantage of any Exemption Law, or been a party to any voluntary or involuntary bankruptcy or insolvency proceeding? NO

IF YOUR ANSWER TO ANY OF QUESTIONS 12-21 IS "YES", PLEASE GIVE FULL DETAILS (Attach separate signed sheet if necessary):

Question No.	

(OVER)

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Plaintiffs' Exhibit 14

Question No.	

22. What will be your specific activities (if any) with the member organization?

NOT APPLICABLE

23. Other than as shown in Statement 10, do you intend to devote your time exclusively to the business of the member organization? (Answer "Yes" or "No".) NOT APPLICABLE

24. For purposes of determining examination requirements in connection with joint New York Stock Exchange –National Association of Securities Dealers, Inc. examinations, please indicate whether or not you have ever been registered with the National Association of Securities Dealers, Inc.? (Answer "Yes" or "No".)

NOT APPLICABLE

I RECOGNIZE THAT THE STATEMENTS HEREIN (AND IN EVERY SUPPLEMENTARY SHEET ATTACHED HERETO) WILL BE VERIFIED BY INVESTIGATION, AND HEREBY DECLARE THAT THEY ARE TRUE, COMPLETE AND ACCURATE.

In consideration of the approval by the Board of Governors of my firm's application for me to become an allied member of the New York Stock Exchange and a general partner or holder of voting stock, I hereby agree that unless the Exchange waives its required basic allied member examination, I will, within three months following (i) one year after becoming an allied member without having passed such basic examination or (ii) my failure to pass such basic examination after not more than three attempts, whichever occurs first, retire as a general partner of, or dispose of all of my voting stock in my member organization.

I further state that I have read the Constitution and Rules of the Board of Governors of the New York Stock Exchange and I hereby make application to become an allied member of the Exchange. I hereby pledge myself to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended, and by all rules and regulations adopted pursuant to the Constitution, this pledge to become effective in the event of, and forthwith upon, the approval of this application.

*The language enclosed in asterisks applies only to proposed allied members.

Date APRIL 3rd, 1970

(Signature of Applicant)

State of NEW YORK }
County of NEW YORK } ss.:

On the 3rd day of APRIL in the year 1970

before me personally came JOHN P. FOLEY, JR. to me known, and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same

M. Kirstie Teator

M. KIRSTIE TEATOR
Notary Public, State of New York
Qualified in Kings County
Commission Expires March 30, 1971

NOTE: If executed outside of New York State, attach Certificate of County Clerk or other appropriate official as to the authority of the Notary Public or other official taking the acknowledgment.

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Plaintiffs' Exhibit 14

SPONSORS' STATEMENTS

An applicant for approval as an allied member should be sponsored by two members or allied members of the Exchange of at least one year's standing who have known him for an extended period of time and who are familiar with his business history and record. If possible, the sponsors should not be connected with the member organization the applicant proposes to join.

Sponsors are needed only by an applicant seeking approval as an allied member who has not previously been a member or allied member within a year of the date of this application.

I have known _____

for _____ years. I have read this application for allied membership and, to the best of my knowledge and belief, the statements contained therein are correct. I recommend the applicant without qualification as a proper person to become an allied member of the New York Stock Exchange.

_____ (Date)

_____ (Signature of Sponsor)

_____ (Firm or Corporation)

I have known _____

for _____ years. I have read this application for membership and, to the best of my knowledge and belief, the statements contained therein are correct. I recommend the applicant without qualification as a proper person to become an allied member of the New York Stock Exchange.

_____ (Date)

_____ (Signature of Sponsor)

_____ (Firm or Corporation)

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Plaintiffs' Exhibit 14

R I D E R

to

ALLIED MEMBER OR NON-MEMBER APPLICATION

#7

American Psychological Ass'n. Washington, D. C.

Eastern Psychological Assn.

New York State Psychological Assn. New York City

Phi Beta Kappa - Washington

Sigma Xi - Washington

American Assn. for advancement of Science - Washington

American Anthropological Assn. - Washington

American Ethnological Society - Washington

New York Academy of Science - New York City

Columbia University Club - New York City

#15 and 19b

Suit was brought against the Psychological Corp. during 1958 for monies due under an agreement which suit was settled out of court by a payment from Psychological Corp. to J. P. Foley.

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PLAINTIFFS' EXHIBIT 15

LETTER BISHOP TO RAMSEY, MARCH 10, 1970

NEW YORK STOCK EXCHANGE
DEPARTMENT OF MEMBER FIRMS
4 NEW YORK PLAZA
AT BROAD AND WATER STREETS
NEW YORK, N.Y. 10004

ROBERT M. BISHOP
VICE PRESIDENT,
DIRECTOR
(212) 623-5250

March 10, 1970

Mr. James B. Ramsey, Jr.
Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Dear Mr. Ramsey:

The purpose of this letter is to express the Exchange's serious concern over the conditions currently existing at Blair & Co. and apparently traceable to the recent conversion to the Midwest Service Bureau.

As a result of discussions had with representatives of your firm and from observations made by an Exchange examiner in reviewing your books and records it appears that substantial difference and suspense accounts exist. Figures on customers' debits and credits, bank loans, aggregate indebtedness and probably many other items are not reliable. As a consequence it is impossible to compute any meaningful capital position for Blair & Co., Inc. Additionally, attention is called to the fact that your firm has not responded to a Special Financial Questionnaire which was due on February 13, 1970. Similarly a response to the Special Operations Questionnaire as of January 31, 1970 is long overdue.

We are fearful that the records of Blair & Co., Inc. are in such condition that you are in danger of losing control of customers' accounts and the ability to properly supervise registered representatives. Accordingly we feel that steps must be taken promptly to contain the volume of your firm's business until such time as the condition of the books and records is significantly improved. To this end the Exchange will not consider the approval of any new registered representative or additional branch offices except in those instances where your firm is already committed. In this connection please submit to us a list of

E 92

Plaintiffs' Exhibit 15

all proposed registered representatives to whom you have made employment commitments. Additionally, you are directed to refrain from any further advertising or promotional activities which might tend to increase your volume of business.

Sincerely,

[redacted] & COMPANY
[redacted] STREET NEW YORK, N.Y. 10005
[redacted]

DR JOHN P FOLEY JR
20 EAST 42 ST
NEW YORK 17 NEW YORK

4/30/70 PERIOD ENDING | 67-31-3930 ACCOUNT NUMBER

PLEASE USE THE ABOVE ACCOUNT NUMBER WHEN REFERRING TO THIS STATEMENT OR OTHER TRANSACTIONS.

ACCOUNT SERVICED BY
[redacted] FIFTH AVENUE
[redacted] YORK N Y 10017
[redacted] 752 2400

TYPE OF ACCOUNT
1. CASH
2. MARGIN
3. SHORT
4. SPECIAL CONVERTIBLE BOND ACCOUNT
5. OMNIBUS
6. SPECIAL SUBSCRIPTION
7. MISCELLANEOUS
8. SPECIAL BOND ACCOUNT

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	DEBITS	CREDITS	T
			BALANCE FWD MAR 29 1970			1,105.00	1
3/31			CHECK			50.00	1
4/01	DIV UN	1000	ALLISON STEEL MFG CO	DIV		100.00	1
4/01	DIV UN	400	ANACONDA	DIV		190.00	1
4/01	DIV UN	400	CLARK OIL REF	DIV		40.00	1
4/01	DIV UN	600	READING GATES CV PFD	DIV		206.25	1
4/01	DIV UN	2000	UNIVERSAL OIL PROD	DIV		400.00	1
4/02	DIV UN	500	FAIRMONT FOODS	DIV		125.00	1
4/02	DIV UN	500	HARTFORD FIRE INS CO	DIV		175.00	1
4/02	DIV UN	250	R C A CORP 4 CV PFD	DIV		250.00	1
4/07	DIV UN	200	TRANS LUX CORP	DIV		30.00	1
4/07			CHECK DC 80815		2,641.25		1
4/06			DIV400 1ST PENN 4 1			195.84	1
4/10		1000	ALLISON STEEL MFG CO	DEL			1
4/10		600	AMER GENERAL INS	DEL			1
4/10		1000	ARLANS DEPT STORES	DEL			1
			BLAIR CO				1
4/10		500	BEVERLY HILLS BANCRP	DEL			1
4/10		1000	BLOCK ENGINEERING	DEL			1
4/10		500	FAIRMONT FOODS	DEL			1
			BLAIR & CO				1
4/10		1000	FEDERAL RESOURCES	DEL			1
4/10		400	FIRST PENN CORP	DEL			1
			BLAIR CO				1

82

REVERSE SIDE OF STATEMENT DETAILS ENTRY CODE AND OTHER EXPLANATIONS.

PLEASE PRESERVE THIS STATEMENT FOR INCOME TAX PURPOSES.
IF THIS IS NOT IN AGREEMENT WITH YOUR RECORD, RETURN IMMEDIATELY.

E. & O. E.

THESE TRANSACTIONS ARE SUBJECT TO THE TERMS, CONDITIONS AND AGREEMENTS PRINTED ON THE REVERSE SIDE HEREOF.

E 93 Plaintiffs' Exh 16 Shields Account Statement, April 30, 1970

COMPANY

NEW YORK NY

MR JOHN P FOLEY JR

4/30/70 PERIOD ENDING | 29-31-3936 ACCOUNT NUMBER

PLEASE USE THE ABOVE ACCOUNT NUMBER WHEN REFERRING TO THIS STATEMENT OR OTHER TRANSACTIONS.

TYPE OF ACCOUNT

1. CASH
2. MARGIN
3. SHORT
4. SPECIAL CONVERTIBLE BOND ACCOUNT
5. OMNIBUS
6. SPECIAL SUBSCRIPTION
7. MISCELLANEOUS
8. SPECIAL BOND ACCOUNT

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	DEBITS	CREDITS	T
			BLAIR				1
4/10		200	TRANS LUX CORP	DEL			1
4/10		500	UNILEVER LTD AMER SH	DEL			1
4/10		200	UTD AIRCRAFT PRODS	DEL			1
4/10		2000	UNIVERSAL OIL PROD	DEL			1
			BLAIR & CO				1
4/10		10000	READ RATES DEFSHR CV	DEL			1
			5 1/2 12/01/1988JD01				1
			BLAIR				1
4/10		8000	VIATRON COMP SYS CV	DEL			1
			6 1/4 12/01/1987JD01				1
			BLAIR				1
4/10		2000	WHITTAKER CORP CV	DEL			1
			4 1/2 07/01/1988JJ01				1
			BLAIR				1
4/13		400	ANACONDA	DEL			1
			BLAIR				1
4/13		5000	ASSOC ORT FOOD ADR #	DEL			1
			BLAIR				1
4/13		400	CLARK OIL REF	DEL			1
			BLAIR				1
4/13	DIV ON	900	OCCIDENTAL PETROLEUM	DIV		125.00	1
4/14	400		CLARK OIL REF	REC			1

83

REVERSE SIDE OF STATEMENT DETAILS ENTRY CODE AND OTHER EXPLANATIONS.

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E. & O. E.

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Plaintiffs' Exh 16 E94

STATEMENT WITH

[illegible] & COMPANY

[illegible] STREET, NEW YORK, N.Y. 10005
(212) 785-2100

DR JOHN P FOLEY JR

4/30/70	29-31-3936
PERIOD ENDING	ACCOUNT NUMBER

PLEASE USE THE ABOVE ACCOUNT NUMBER WHEN REFERRING TO THIS STATEMENT OR OTHER TRANSACTIONS.

TYPE OF ACCOUNT

1. CASH
2. MARGIN
3. SHORT
4. SPECIAL CONVERTIBLE BOND ACCOUNT
5. OMNIBUS
6. SPECIAL SUBSCRIPTION
7. MISCELLANEOUS
8. SPECIAL BOND ACCOUNT

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	DEBITS	CREDITS	T
4/10		1100	GIBRALTAR FINANCIAL	DEL			1
4/10		1000	GIDDINGS LEWIS INC	DEL			1
4/10		500	GUERDON INDUSTRIES	DEL			1
4/10		500	HARTFORD FIRE INS CO BLAIR CO	DEL			1 1
4/10		500	HEINICKE INST	DEL			1
4/10		1000	INTERMOUNTAIN GAS	DEL			1
4/10		1000	KAISER ALUM CHEMICAL	DEL			1
4/10		500	LANE BRYANT INC BLAIR CO	DEL			1 1
4/10		400	NEWMONT MINING	DEL			1
4/10		100	NORTH AMER COAL	DEL			1
4/10		500	OCCIDENTAL PETROLEUM	DEL			1
4/10		200	PHILLIPS PETROLEUM	DEL			1
4/10		1000	PUREPAC LABS CORP BLAIR CO	DEL			1 1
4/10		600	READING GATES CV PFD	DEL			1
4/10		400	RYAN HOMES INC	DEL			1
4/10		400	SCOTT PAPER CO COM BLAIR & CO	DEL			1 1
4/10		1000	SIMMONS PREC PFD	DEL			1
4/10		500	SKY CITY STORES INC	DEL			1
4/10		400	SUBOSTLAND CORP	DEL			1

84.

REVERSE SIDE OF STATEMENT DETAILS ENTRY CODE AND OTHER EXPLANATIONS.

PLEASE PRESERVE THIS STATEMENT FOR INCOME TAX PURPOSES.
[illegible] IN CONFORMITY WITH YOUR RECORD, RETURN IMMEDIATELY.

E. & O. E.

THESE TRANSACTIONS ARE SUBJECT TO THE TERMS, CONDITIONS AND AGREEMENTS PRINTED ON THE REVERSE SIDE HEREOF.

Plaintiffs' Exh. 16 E95

[redacted] & COMPANY
[redacted] WALL STREET, NEW YORK, N.Y. 10005
(212) 755-2100

MR JOHN P FOLEY JR

4/30/70 PERIOD ENDING	27-31-3930 *ACCOUNT NUMBER

PLEASE USE THE ABOVE ACCOUNT NUMBER WHEN REFERRING TO THIS STATEMENT OR OTHER TRANSACTIONS.

TYPE OF ACCOUNT

1. CASH
2. MARGIN
3. SHORT
4. SPECIAL CONVERTIBLE BOND ACCOUNT
5. OMNIBUS
6. SPECIAL SUBSCRIPTION
7. MISCELLANEOUS
8. SPECIAL BOND ACCOUNT

DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	DESCRIPTION	PRICE OR ENTRY	DEBITS	CREDITS	T
			[illegible] DEL				1
4/14		20	GIBRALTAR FINANCIAL	DEL			1
			BLAIR				1
4/14		400	KUCKLK CO	DEL			1
			BLAIR CO				1
4/16		100	SCOTT PAPER CO CUM	DEL			1
			BLAIR CO				1
4/16			CHECK FA 2435		330,84		1
4/17		400	CLARK OIL REF	DEL			1
			BLAIR				1
4/21		500	R C A CORP	DEL			1
			BLAIR				1
4/22		100	NEWMONT MINING	DEL			1
			BLAIR				1
4/28		250	R C A CORP 4 CV PFD	DEL			1
			BLAIR & CO				1
4/29		100	NORTH AMER COAL	DEL			1
			BLAIR CO				1
4/30			DIV 1000 INTERMOUNTAIN			50,00	1
			GAS UP 4 25				1
			CASH A/C CR BALANCE			50,00	CR

85

REVERSE SIDE OF STATEMENT DETAILS ENTRY CODE AND OTHER EXPLANATIONS.

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E. & O. E.

THESE TRANSACTIONS ARE SUBJECT TO THE TERMS, CONDITIONS AND AGREEMENTS PRINTED ON THE REVERSE SIDE HEREOF.

Plaintiffs' Exh 16 E96

[redacted]

DR JOHN P FOLEY JR

4/30/70 PERIOD ENDING	29-31-3936 ACCOUNT NUMBER

PLEASE USE THE ABOVE ACCOUNT NUMBER WHEN REFERRING TO THIS STATEMENT OR OTHER TRANSACTIONS.

TYPE OF ACCOUNT

1. CASH
2. MARGIN
3. SHORT
4. SPECIAL CONVERTIBLE BOND ACCOUNT
5. OMNIBUS
6. SPECIAL SUBSCRIPTION
7. MISCELLANEOUS
8. SPECIAL BOND ACCOUNT

DATE	BOUGHT (RECEIVED OR LONG)	SOLD (DELIVERED OR SHORT)	DESCRIPTION	PRICE OR ENTRY	DEBITS	CREDITS	T
4/30	800		STANDARD AND POORS	POS			1

86

REVERSE SIDE OF STATEMENT DETAILS ENTRY CODE AND OTHER EXPLANATIONS.

E. & O. E.

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Plaintiffs' Exh 16 E-97

E 97
Plaintiffs' Exhibit 16

E 98

PLAINTIFFS' EXHIBIT 17

BLAIR ACCOUNT STATEMENT, APRIL 25, 1970

[For convenience of Court and Counsel this exhibit is bound in on the opposite page.]

follows

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 27 1970	01	12 007047 1 *

JOHN P FOLEY JR
JOH ACCOUNT
10 EAST 74 STREET
NEW YORK NEW YORK 10021

DUPLICATE STATEMENT SENT TO

RAY VARELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT, OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT, OR SHORT POSITION
4 15	600	
4 15		
4 15	400	
4 15	400	
4 15	1000	
4 15	200	
4 15	400	
4 15	400	
4 15	200	
4 15	400	
4 15	2000	
4 16	40	
4 16	400	
4 17		1000
4 17		
4 17		600
4 17		
4 17		1000
4 17		200
4 17		400
4 17		1000
4 17		2000
4 17		
4 17		2000
4 17		
4 17		200
4 17		1000

"This statement should be retained for income tax purposes and for information which it contains that may be necessary to enable you to verify and compute interest charges appearing on subsequent statements."

If this is a margin account, this is a combined statement of your general account and of a special miscellaneous account maintained for you under section 4(F) (6) of regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by regulation T is available for your inspection upon request.

*

1. CASH 3. SPECIAL LOAN 4. SHORT ACCOUNT 6. MARGIN
2. MARGIN—WHEN, AS AND IF ISSUED 5. SPECIAL SUBSCRIPTION ACCOUNT

ANY FREE CREDIT BALANCE REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON OUR BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF THIS FIRM'S BUSINESS.

A FINANCIAL STATEMENT OF THIS FIRM IS AVAILABLE FOR YOUR PERSONAL INSPECTION AT ITS OFFICES OR A COPY OF IT WILL BE MAILED UPON WRITTEN REQUEST.

SECURITIES TRANSACTIONS ARE ENTERED IN YOUR ACCOUNT ON THE SETTLEMENT DATE SHOWN ON THE CONFIRMATIONS FOR SUCH TRANSACTIONS.

IF NOT CORRECT, PLEASE NOTIFY US IMMEDIATELY, E. & O. E.

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
READING & BATES OFFSHORE	RECD		
ORLNO $1.875 CUM CV PFD			
RYAN HOMES INC	RECD		
SCOTT PAPER CO	RECD		
SIMMONDS PRECISION PROD	RECD		
SKY CITY STORES INC	RECD		
SUNDSTRAND CORP	RECD		
TRANSCUA CORP	RECD		
UNILEVER LTD ORD	RECD		
UNITED AIRCRAFT PRODUCTS	RECD		
UNIVERSAL OIL PRODUCTS	RECD		
VIRGINIAN FINANCIAL CAL	RECD		
WOLARD CO	RECD		
READING & BATES OFFSHORE	DELD		
ORL CV 5 1/2% DEC 88 JJ			
VIATRON COMPUTER SYS NEW	DELD		
CO CV 6 1/4% DEC 1990			
ALLISON STEEL MFG CO	DELD		
AMERICAN GENERAL INS CO	DELD		
ANACONDA COMPANY	DELD		
ARLANS DEPT STORES INC	DELD		
ASSOCIATED BRITISH FOODS LTD ADR	TO ADJ		
ASSOCIATED BRITISH FOODS LTD ADR	DELD		
BEVERLY HILLS BANCORP	DELD		
BLOCK ENGINEERING INC	DELD		
CONTINUED ON NEXT PAGE	✓		

*BRANCH COPY

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	DL	13 097047 6 *

JOHN P PULEY JR
SUB ACCOUNT
60 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VOELKLAND
C/O BLAIR & CO INC
20 BROAD STREET

"This statement should be retained for income tax purposes and for information which it contains that may be necessary to enable you to verify and compute interest charges appearing on subsequent statements."

If this is a margin account, this is a combined statement of your general account and of a special miscellaneous account maintained for you under section 4(F) (6) of regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by regulation T is available for your inspection upon request.

*

1. CASH 3. SPECIAL LOAN 4. SHORT ACCOUNT 6. MARGIN
2. MARGIN—WHEN, AS AND IF ISSUED 5. SPECIAL SUBSCRIPTION ACCOUNT

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SECURITIES TRANSACTIONS ARE ENTERED IN YOUR ACCOUNT ON THE SETTLEMENT DATE SHOWN ON THE CONFIRMATIONS FOR SUCH TRANSACTIONS.

IF NOT CORRECT, PLEASE NOTIFY US IMMEDIATELY. E. & O. E.

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT., OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT., OR SHORT POSITION
4 13	920	
4 13		
4 13	10373	
4 13	3000	
4 13	27250	
4 17	10000	
4 17		
4 17	8000	
4 17		
4 17	1000	
4 17	400	
4 17	1000	
4 17	2000	
4 17		
4 17	5000	
4 17		
4 17	500	
4 17	200	
4 17	1000	
4 17	1100	
4 17	1100	
4 17	200	
4 17	200	
4 17	1000	
4 17	200	
4 17	400	

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
BALANCE FORWARD			.00
EVANS PRODUCTS CO 2.50 CUM CV PFD	RECD		
RICHARDSON CO	RECD		
ROGERS CORP	RECD		
AMICON CORP	A CO		
READING & BATES OFFSHORE DRL CV 9 1/2% DEC 88 JD	RECD		
VINTRON COMPUTER SYS REC 50 JD CV 8 1/4% DEC 8700	RECD		
ALLISON STORE MFG CO	RECD		
ANACONDA COMPANY	RECD		
ARLANS DEPT STORES INC	RECD		
ASSOCIATED BRITISH FOODS LTD ADR	RECD		
ASSOCIATED BRITISH FOODS LTD ADR	TO ADJ		
BEVERLY HILLS BANCORP	RECD		
FAIRMONT FOODS CO	RECD		
FOUNTAIN RESOURCES CORP	RECD		
GIBRALTAR FINANCIAL CAL	RECD		
GIDDINGS & LEWIS INC	RECD		
GUERDON INDUSTRIES	RECD		
HEINICKE INSTRUMENTS CO	RECD		
INTERMOUNTAIN GAS CO	RECD		
LANE BRYANT INC	RECD		
NEWMONT MINING CORP	RECD		
CONTINUED ON NEXT PAGE	A		

*BRANCH COPY

BLAIR & CO INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	BL	13 097047 1 *

JOHN P FOLEY JR
JOH ACCOUNT
20 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY ROCKLAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT, OR SHORT POSITION
4 17		300
4 17		4000
4 17		1100
4 17		4000
4 17		300
4 17		200
4 17		1000
4 17		4000
4 17	1000	
4 17		4000
4 17		300
4 17		400
4 17		100
4 17		200
4 17		400
4 17		1000
4 17		900
4 17		
4 17		400
4 17		400
4 17		1000
4 17		200
4 17		400
4 17		400
4 17		400
4 17		2000

"This statement should be retained for income tax purposes and for information which it contains that may be necessary to enable you to verify and compute interest charges appearing on subsequent statements."

If this is a margin account, this is a combined statement of your general account and of a special miscellaneous account maintained for you under section 4(F) (6) of regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by regulation T is available for your inspection upon request.

*

1. CASH 3. SPECIAL LOAN 4. SHORT ACCOUNT 6. MARGIN
2. MARGIN—WHEN, AS AND IF ISSUED 5. SPECIAL SUBSCRIPTION ACCOUNT

ANY FREE CREDIT BALANCE REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON OUR BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF THIS FIRM'S BUSINESS.

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SECURITIES TRANSACTIONS ARE ENTERED IN YOUR ACCOUNT ON THE SETTLEMENT DATE SHOWN ON THE CONFIRMATIONS FOR SUCH TRANSACTIONS.

IF NOT CORRECT, PLEASE NOTIFY US IMMEDIATELY. E. & O. E.

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
FAIRMONT FOODS CO	DELD		
FEDERAL RESOURCES CORP	DELD		
GIBRALTAR FINANCIAL CAL	DELD		
GILDINGS & LEWIS INC	DELD		
GUSHUCH INDUSTRIES	DELD		
HEINICAH INSTRUMENTS CO	DELD		
INTERMOUNTAIN GAS CO	DELD		
	TO ADJ		
KAISER ALUM & CHEM CORP	TO ADJ		
KAISER ALUM & CHEM CORP	DELD		
LANE BRYANT INC	DELD		
NEWHONT MINING CORP	DELD		
NORTH AMER COAL CORP	DELD		
OCCIDENTAL PETROLEUM	DELD		
PHILLIPS PETROLEUM CO	DELD		
POLAROID LABORATORIES	DELD		
READING & BATES OFFSHORE	DELD		
ORLNG $1.375 CUM CV PFD			
RYAN HOMES INC	DELD		
SCOTT PAPER CO	DELD		
SIMMONDS PRECISION PROD	DELD		
SKY CITY STORES INC	DELD		
SUNDSTRAND CORP	DELD		
TRANSLUX CORP	DELD		
UNILEVER LTD ORD	DELD		
UNITED AIRCRAFT PRODUCTS	DELD		
UNIVERSAL OIL PRODUCTS	DELD		
CONTINUED ON NEXT PAGE	2		

*BRANCH COPY

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	BL	13 097047 6 *

JOHN P PULEY JR
DOM ACCOUNT
[illegible] EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VALLELAND
C/O BLAIR & CO INC
[illegible] BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
M 17	100	
M 17	200	
M 17	200	
M 17	1000	
M 17	900	
M 17		
M 17	400	
M 17	700	
M 17	100	
M 17	1000	
M 17	200	
M 17	700	
M 17	200	
M 17	200	
M 17	200	
M 17	2000	
M 21	400	
M 22	200	
M 24		
	10000	
	8000	
	1000	
	41400	

"This statement should be retained for income tax purposes and for information which it contains that may be necessary to enable you to verify and compute interest charges appearing on subsequent statements."

If this is a margin account, this is a combined statement of your general account and of a special miscellaneous account maintained for you under section 4(F) (6) of regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by regulation T is available for your inspection upon request.

*

1. CASH 3. SPECIAL LOAN 4. SHORT ACCOUNT 6. MARGIN
2. MARGIN—WHEN, AS AND IF ISSUED 5. SPECIAL SUBSCRIPTION ACCOUNT

ANY FREE CREDIT BALANCE REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON OUR BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF THIS FIRM'S BUSINESS.

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IF NOT CORRECT, PLEASE NOTIFY US IMMEDIATELY. E. & O. E.

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y, 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
NORTH AMER COAL CORP	RECD		
OCCIDENTAL PETROLEUM	RECD		
PHILLIPS PETROLEUM CO	RECD		
POLAROID LABORATORIES	RECD		
READING & BATES OFFSHORE	RECD		
ORLNO $1.375 CUM CV PFD			
RYAN HOMES INC	RECD		
SCOTT PAPER CO	RECD		
SCOTT PAPER CO	RECD		
SIMMONDS PRECISION PROD	RECD		
SKY CITY STORES INC	RECD		
SUNDSTRAND CORP	RECD		
TRANSCUA CORP	RECD		
UNILEVER LTD ORD	RECD		
UNITED AIRCRAFT PRODUCTS	RECD		
UNIVERSAL OIL PRODUCTS	RECD		
CLARK OIL & REFINING	RECD		
R C A CORP	RECD		
BALANCE		.00	
SECURITY POSITIONS			
READING & BATES OFFSHORE	.88		
ORL CV $ 1/2# ORC 88 JU			
VLATHUN COMPUTER SYS REG			
SU UU CV $ 1/4# UCC 8WJU			
ALLISON STEEL MFG CO	.8		
AMICON CORP			
CONTINUED ON NEXT PAGE	4		

*BRANCH COPY

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	DL	13 047047 1 *

JOHN P FOLEY JR
JDN ACCOUNT
20 EAST 62 STREET
NEW YORK NEW YORK 10021

DUPLICATE STATEMENT SENT TO

RAY VREELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
4 20	400	
4 23	2500	
4 24		
		800
		3000
	605	
	29	
	300	
	400	

"This statement should be retained for income tax purposes and for information which it contains that may be necessary to enable you to verify and compute interest charges appearing on subsequent statements."

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*

1. CASH 3. SPECIAL LOAN 4. SHORT ACCOUNT 6. MARGIN
2. MARGIN—WHEN, AS AND IF ISSUED 5. SPECIAL SUBSCRIPTION ACCOUNT

ANY FREE CREDIT BALANCE REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON OUR BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF THIS FIRM'S BUSINESS.

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IF NOT CORRECT, PLEASE NOTIFY US IMMEDIATELY. E. & O. E.

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
FIRST PENNSYLVANIA CORP	RECD		
HARTFORD FIRE INS CO	RECD		
BALANCE		.00	
SECURITY POSITIONS			
VIATRON COMPUTER SYS REG			
SB DB CV 6 1/4% DEC 89JD			
ASSOCIATED BRITISH FOODS			
LTD ADR			
FIRST PENNSYLVANIA CORP			
GIBRALTAR FINANCIAL CAL	.11		
HARTFORD FIRE INS CO	.40		
HUCKER CO	.7		
END OF ACCOUNT PAGE	.4		

* BRANCH COPY.

BLAIR & CO. INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	BL	13 N97047 *

JOHN P HULEY JR
OUR ACCOUNT
[illegible] EAST 44 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VAILLAND
C/O BLAIR & CO INC
[illegible] BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
	400	
	1000	
	10000	
	200	
	900	
	900	
	300	
	1000	
	1100	
	1000	
	200	
	200	
	1000	
	200	
	100	
	100	
	200	
	200	
	1000	
	200	
	600	
	1673	
	2220	
	400	

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OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
ANACONDA COMPANY	.27		
ANLANS DEPT STORES INC	.11		
ASSOCIATED BRITISH FOODS LTD ADR			
BEVERLY HILLS BANCORP			
CLARK OIL & REFINING	.10		
EVANS PRODUCTS CO $4.00 CUM CV PFD			
FAIRMONT FOODS CO	.15		
FEDERAL RESOURCES CORP	.4		
GLOBAL LAN FINANCIAL CAL	.10		
GLOVINGS & LEWIS INC	.11		
GUERDON INDUSTRIES	.13		
HEINICKE INSTRUMENTS CO	.7		
INTERMOUNTAIN GAS CO			
LANE BRYANT INC	.30		
NEWMONT MINING CORP	.31		
NORTH AMER COAL CORP	.17		
OCCIDENTAL PETROLEUM	.20		
PHILLIPS PETROLEUM CO	.22		
PONDPAC LABORATORIES			
R C A CORP	.20		
READING & BATES OFFSHORE	.30		
ORCHO $3.612 CUM CV PFD			
RICHARDSON CO	.14		
ROGERS CORP	.20		
RYAN HOMES INC			
CONTINUED ON NEXT PAGE	1		

* BRANCH COPY

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	EL	15 097047 0 *

JOHN P FULLY JR
SUR ACCOUNT
20 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VALELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE		YOU BOUGHT OR REC'D FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
		200	
		1000	
		200	
		400	
		200	
		200	
		200	
		2000	

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OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
SCOTT PAPER CO	.31		
SIMMONDS PRECISION PROD	.5		
SKY CITY STORES INC	.0		
SUNDSTRAND CORP	.10		
TRANS-LUX CORP	.12		
UNILEVER LTD ORD			
UNITED AIRCRAFT PRODUCTS	.4		
UNIVERSAL OIL PRODUCTS	.27		
END OF ACCOUNT PAGE 4			

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BLAIR & CO INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	BL	13 097047 1 *

JOHN P PULEY JR
JOR ACCOUNT
20 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VREELAND
C/O BLAIR & CO INC
20 BROAD STREET

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DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
4 13	10000	
4 13		
4 14	1000	
4 14	600	
4 14	400	
4 14	10000	
4 14	9000	
4 14	500	
4 14	1000	
4 14	200	
4 14	1000	
4 14	1100	
4 14	1100	
4 14	200	
4 14	500	
4 14	1000	
4 14	1000	
4 14	500	
4 14	8000	
4 13		
4 13	400	
4 13	100	
4 13	200	
4 13	400	
4 13	1000	

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
BALANCE FORWARD			
READING & BATES OFFSHORE	RECD		
UNL CV D 3/2% DEC 80 JD			
ALLISON STEEL MFG CO	RECD		
AMERICAN GENERAL INS CO	RECD		
ANACONDA COMPANY	RECD		
ARLANS DEPT STORES INC	RECD		
	RECD		
BEVERLY HILLS BANCORP	RECD		
BLOCK ENGINEERING INC	RECD		
PAINMONT FOODS CO	RECD		
PENDRAL RESOURCES CORP	RECD		
GIBRALTAR FINANCIAL CAL	RECD		
GIBBONS & LEWIS INC	RECD		
GUEHOUN INDUSTRIES	RECD		
HEINICKE INSTRUMENTS CO	RECD		
INTERMOUNTAIN GAS CO	RECD		
	RECD		
LAND BRYANT INC	RECD		
VIATRON COMPUTER SYS RUO	RECD		
30.00 CV A 3/44 DEC 89JD			
NEWMONT MINING CORP	RECD		
NORTH AMER COAL CORP	RECD		
OCCIDENTAL PETROLEUM	RECD		
PHILLIPS PETROLEUM CO	RECD		
PUREPAC LABORATORIES	RECD		
CONTINUED ON NEXT PAGE	J		

* BRANCH COPY

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
APR 24 1970	BL	15 097003 0 *

JOHN P POLLY JR &
MRS ANNE A POLLY
JOINT ACCOUNT
C/O J P POLLY & CO INC
60 EAST 42 STREET
NEW YORK NEW YORK

DUPLICATE STATEMENT SENT TO

KAY MACKLAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
4 17	36000	
4 17	100	
4 22	1900	
4 24		
	37900	

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OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
BALANCE FORWARD			.00
BRUNSWICK CORP	REC'D		
HARCOURT BRACE & WORLD	REC'D		
HUGGINS CORP	REC'D		
BALANCE		.00	
SECURITY POSITIONS			
BRUNSWICK CORP	1.3		
HARCOURT BRACE & WORLD	4.8		
HUGGINS CORP	2.0		

*BRANCH COPY

E 100

PLAINTIFFS' EXHIBIT 18

BLAIR ACCOUNT STATEMENT, MAY 29, 1970

[For convenience of Court and Counsel this exhibit is bound in on the opposite page.]

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER *
MAY 29 1970	BL	13 097047 6

JOHN P FOLEY JR
SDN ACCOUNT
50 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VREELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
04 24		
4 28	1000	
4 29	250	
4 29		
4 30	100	
5 06	600	
5 18		5000
5 18		
5 18	408	
5 18	28	
5 18	500	
5 18	400	
5 27		
5 29	2000	
5 29		
5 29	700	
5 29		
5 29	408	
5 29		
	10000 ✓	
	8000 ✓	
	2000 ✓	

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PLEASE PRESERVE T

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
BALANCE FORWARD		.00	
KAISER ALUM & CHEM CORP	RECD		
R C A CORP $4.00 CUM CV 1ST PFD VTG	RECD		
NORTH AMER COAL CORP	RECD		
AMERICAN GENERAL INS CO	RECD		
ASSOCIATED BRITISH FOODS LTD ADR	ACCT TRF		
FIRST PENNSYLVANIA CORP	ACCT TRF		
GIBRALTAR FINANCIAL CAL	ACCT TRF		
HARTFORD FIRE INS CO	ACCT TRF		
RUCKER CO	ACCT TRF		
NORTH AMER COAL CORP	DIV CR		30.00
WHITTAKER CORP REG SUB DEB CV 4 1/2% JUL 88 JJ	ACCT TRF		
STANDARD & POORS CORP	RECD		
FIRST PENNSYLVANIA CORP	ACCT TRF		
BALANCE			30.00
SECURITY POSITIONS			
READING & BATES OFFSHORE DR REG CV 5 1/2% DEC 88	59		
VIATRON COMPUTER SYS REG SB DB CV 6 1/4% DEC 89JD			
WHITTAKER CORP REG SUB DEB CV 4 1/2% JUL 88 JJ	40		
CONTINUED ON NEXT PAGE	1		

HIS STATEMENT FOR YOUR INCOME TAX PURPOSES

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
MAY 29 1970	BL	13 097647 6

*

JOHN P TULLY JR
SUM ACCOUNT
50 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VREELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
	700	
	1000	
	600	
	27250	
	400	
	1000	
	5000	
	500	
	400	
	526	
	500	
	1000	
	816	
	1125	
	1000	
	500	
	500	
	500	
	1000	
	1000	
	500	
	400	525
	200	
	500	

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OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
STANDARD E			
PDORS CORP			
ALLISON STEEL MFG CO	7		
AMERICAN GENERAL INS CO	14		
AMICON CORP			
ANACONDA COMPANY	26		
ARLANS DEPT STORES INC	10		
ASSOCIATED BRITISH FOODS LTD ADR			
BEVERLY HILLS BANCORP			
CLARK OIL & REFINING	20		
EVANS PRODUCTS CO $4.00 CUM CV PFD			
FAIRMONT FOODS CO	14		
FEDERAL RESOURCES CORP	4		
FIRST PENNSYLVANIA CORP			
GIBRALTAR FINANCIAL CAL	14		
GIDDINGS & LEWIS INC	8		
GUERDON INDUSTRIES	10		
HARTFORD FIRE INS CO	37		
HEINICKE INSTRUMENTS CO	5		
INTERMOUNTAIN GAS CO			
KAISER ALUM & CHEM CORP	30		
LANE BRYANT INC	30		
NEWMONT MINING CORP	20		
NORTH AMER COAL CORP	14		
OCCIDENTAL PETROLEUM	18		
CONTINUED ON NEXT PAGE	2		

IS STATEMENT FOR YOUR INCOME TAX PURPOSES

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
MAY 29 1970	BL	13 097647 5

JOHN F FOLEY JR
SDN ACCOUNT
90 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

JAY VREELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
	200	
	1000	
	500	
	250	
	200	
	16373	
	3820	
	400	
	400	
	200	
	1000	
	500	
	400	
	200	
	500	
	200	
	2000	

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PLEASE PRESERVE T

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
PHILLIPS PETROLEUM CO	25		
PUGEPAC LABORATORIES			
R C A CORP	23		
R C A CORP $4.00 CUM CV 1ST PFD VTG	61		
READING & BATES OFFSHORE DRLNG $1.375 CUM CV PFD	29		
RICHARDSON CO	12		
ROCKWELL CORP	71		
RUCKLE CO	5		
RYAN HOMES INC			
SCOTT PAPER CO	28		
SIMMONDS PRECISION PRDS	5		
SKY CITY STORES INC	8		
SUNDSTRAND CORP	16		
TRANS-LUX CORP	12		
UNILEVER LTD ORD			
UNITED AIRCRAFT PRODUCTS	8		
UNIVERSAL OIL PRODUCTS	24		
END OF ACCOUNT PAGE 3			

HIS STATEMENT FOR YOUR INCOME TAX PURPOSES

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
MAY 31 1970	BL	15 697047 1 *

JOEL P FOLEY JR
SEL ACCOUNT
[illegible] EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VANELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE		YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
04	24		
5	18	5000	
5	18		
5	18		408
5	18		28
5	18		500
5	18		400
5	26	408	
5	26		
5	27	2000	
5	27		
5	29		2000
5	29		
5	29		408
5	29		
			800

"This statement should be retained for income tax purposes and for information which it contains that may be necessary to enable you to verify and compute interest charges appearing on subsequent statements."

If this is a margin account, this is a combined statement of your general account and of a special miscellaneous account maintained for you under section 4(F) (6) of regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by regulation T is available for your inspection upon request.

*

1. CASH 3. SPECIAL LOAN 4. SHORT ACCOUNT 6. MARGIN
2. MARGIN—WHEN, AS AND IF ISSUED 5. SPECIAL SUBSCRIPTION ACCOUNT

ANY FREE CREDIT BALANCE REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON OUR BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF THIS FIRM'S BUSINESS.

A FINANCIAL STATEMENT OF THIS FIRM IS AVAILABLE FOR YOUR PERSONAL INSPECTION AT ITS OFFICES OR A COPY OF IT WILL BE MAILED UPON WRITTEN REQUEST.

SECURITIES TRANSACTIONS ARE ENTERED IN YOUR ACCOUNT ON THE SETTLEMENT DATE SHOWN ON THE CONFIRMATIONS FOR SUCH TRANSACTIONS.

IF NOT CORRECT, PLEASE NOTIFY US IMMEDIATELY, E. & O. E.

PLEASE PRESERVE T

OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
BALANCE FORWARD		.00	
ASSOCIATED BRITISH FOODS LTD ADR	ACCT TRF		
FIRST PENNSYLVANIA CORP	ACCT TRF		
GIBRALTAR FINANCIAL CAL	ACCT TRF		
HARTFORD FIRE INS CO	ACCT TRF		
RUCKER CO	ACCT TRF		
FIRST PENNSYLVANIA CORP 5 2% 70 2X1 SPLIT			
WHITTAKER CORP REG SUB DEB CV 4 1/2% JUL 88 JJ	RECD		
WHITTAKER CORP REG SUB DEB CV 4 1/2% JUL 88 JJ	ACCT TRF		
FIRST PENNSYLVANIA CORP BALANCE	ACCT TRF	.00	
SECURITY POSITIONS			
VIATRON COMPUTER SYS REG SUB DB CV 6 1/4% DEC 89JD			

THIS STATEMENT FOR YOUR INCOME TAX PURPOSES

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER *
MAY 29 1970	BL	13 067047 3

JOHN P RILEY JR
SDA ACCOUNT
50 EAST 42 STREET
NEW YORK NEW YORK 10017

DUPLICATE STATEMENT SENT TO

RAY VREELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
5 06	1000	
5 29		
	1000	

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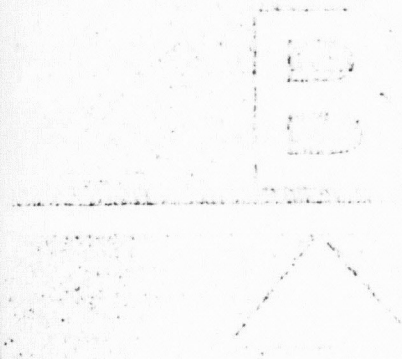
OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDIT
BALANCE FORWARD			.00
BLOCK ENGINEERING INC BALANCE	RECD	.00	
SECURITY POSITIONS			
BLOCK ENGINEERING INC			



HIS STATEMENT FOR YOUR INCOME TAX PURPOSES

BLAIR & CO., INC.

Founded 1890

Member New York Stock Exchange and other principal exchanges

OFFICES COAST TO COAST

PERIOD ENDING	R.R.	ACCOUNT NUMBER
MAY 29 1970	BL	12 097003 6

JUAN P FOLEY JR &
MRS ANNE A FOLEY
SDA ACCOUNT
C/O J P FOLEY & CO INC
50 EAST 42 STREET
NEW YORK NEW YORK

DUPLICATE STATEMENT SENT TO

RAY VOLELAND
C/O BLAIR & CO INC
20 BROAD STREET

DATE	YOU BOUGHT OR REC'D. FOR YOUR ACCT. OR LONG POSITION	YOU SOLD OR DEL'D FOR YOUR ACCT. OR SHORT POSITION
5 29		
	36000	
	IBC	
	19648	

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OPERATIONS DIVISION: P.O. BOX 872 · WALL STREET STATION · NEW YORK, N.Y. 10005

EXECUTIVE OFFICES: 20 BROAD STREET · NEW YORK, N.Y. 10005

DESCRIPTION	PRICE - OR DEL'D - DELIVERED DIV - DIVIDEND REC - RECEIVED INT - INTEREST ADJ - ADJUSTMENT CPN - COUPON	AMOUNT	
		DEBIT	CREDI
BALANCE		.00	
SECURITY POSITIONS			
BRUNSWICK CORP	14		
HARCOURT BRACE & WORLD	32		
ROGERS CORP	21		

HIS STATEMENT FOR YOUR INCOME TAX PURPOSES

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PLAINTIFFS' EXHIBIT 19B

SPECIAL OPERATIONS QUESTIONNAIRE AS OF DECEMBER 31, 1969 (FULL COPY), FEBRUARY 10, 1970

SPECIAL OPERATIONS QUESTIONNAIRE

TO THE BOARD OF GOVERNORS – NEW YORK STOCK EXCHANGE

Hold for FG

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

		Current Report	Last Previous Report
1	*Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:*		
	A. Date as of which computation was made	12/31/69	11/30/69
	B. Amount of Aggregate Indebtedness	$ 119,713,000	$ 110,738,759
	C. Amount of Net Worth (excluding Subordinated Borrowings)	$	$
	D. Net Value of Securities in Proprietary accounts	$ 6,696,225	$ 7,005,661
	E. Amount of Subordinated Borrowings	$ 3,045,084	$ 4,314,091
	F. Net Value of Securities in Subordinated Accounts	$ 22,203,374	$ 23,024,485
	G. Amount of Net Capital	$ 4,478,515 *	$ 7,057,949
	H. Ratio of Aggregate Indebtedness to Net Capital	2,673 * %	1,569 %
	I. Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ (1,507,135) *	$ 1,521,011

er Net Capital charge of $3,053,000 for receivable due from Schweitzer & Co. acquired firm; In tion, both aggregate indebtedness and capital charges have been previously reflected as a result

2	*Furnish the following information as of the date shown in answer to question 1A above:*	[illegible] extended to the Mid-West System.	
	A. Unresolved stock record difference positions with no known related ledger amounts:		
	1. Total number thereof	NONE	-
	2. Total LONG market value thereof	$ -	$ -
	3. Total SHORT market value thereof	$ -	$ -
	4. Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☐ NO ☐
	5. Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☐ NO ☐
	B. Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
	1. Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	245	-
	2. Total of such ledger DEBIT amounts	$ 293,000	$ -
	3. Total of such ledger CREDIT amounts	$ 283,000	$ -
	4. Were these amounts considered in the capital computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☐ NO ☐

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Plaintiffs' Exhibit 19B

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

2 cont.		Current Report	Last Previous Report
C.	Ledger amounts comprising SUSPENSE ITEMS with known related securities positions:		
1.	Total number of such SUSPENSE ITEMS	117	-
2.	Total of such ledger DEBIT amounts	$ 1,014,788.29	$ -
3.	Total of such ledger CREDIT amounts	$ NONE	$ -
4.	Total market value of LONG securities positions related to SUSPENSE ITEMS	$ 1,014,788.29	$ -
5.	Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ NONE	$ -
6.	Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☐
D.	Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
1.	Total ledger amounts of such distributions receivable in cash	$ 449,700.80	$ -
2.	Total market value of such distributions receivable in stock, rights, etc.	$ 725,562.00	$ -
3.	Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☐ NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentifiable items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

3	*Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:*	Current Report				
		Date	*Per Cent of Total Positions Counted*	*Number of Unresolved Differences*	*Market Value of Unresolved Differences*	
					Long	*Short*
A.	Securities: *					
1.	Securities in active box		%		$	$
2.	All other securities recorded as being in physical possession		%		$	$
B.	Open transfer items counted and compared to stock record		%		$	$
	* Not available at this time	*Last Previous Report*				
A.	Securities:					
1.	Securities in active box		%		$	$
2.	All other securities recorded as being in physical possession		%		$	$
B.	Open transfer items counted and compared to stock record		%		$	$

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Plaintiffs' Exhibit 19B

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NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

4	Furnish the information called for with respect to the latest proofs taken of the following accounts:	Current Report			
		Date	Totals of Detail Records	Balances in Control Accounts	Differences
	A. Customer accounts		$ Unavailable	$	$
	B. Fail to receive	12-31-69	$ 20,750,000.00	$ Unavailable	$ Unavailable
	C. Fail to deliver	12-31-69	$ 19,820,000.00	$ Unavailable	$ Unavailable
	D. Stocks borrowed	12-31-69	$ 1,550,000.00	$ Unavailable	$ Unavailable
	E. Stocks loaned	12-31-69	$ 3,520,000.00	$ Unavailable	$ Unavailable
		Last Previous Report			
	A. Customer accounts		$	$	$
	B. Fail to receive		$	$	$
	C. Fail to deliver		$	$	$
	D. Stocks borrowed		$	$	$
	E. Stocks loaned		$	$	$

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in related general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer ledgers and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP tape or card files.

5	Furnish the following information as of month end:	Current Report	Last Previous Report
	A. Number of securities positions with unresolved stock record breaks.	250	59
	B. Total market value of unresolved STOCK RECORD BREAKS:		
	1. LONG	$ 1,037,090	$ 1,807,055.70
	2. SHORT	$ 889,196	$ 223,204.60

NOTE: STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of security movements.

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Plaintiffs' Exhibit 19B

D F IV

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

6 *Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed.*

	Current Report				
	Date	% of Total Positions Conf'd. & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
A. Collateral items confirmed with banks and compared to stock record	11-24	100 %	None	$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11-24	100 %	None	$	$
C. Fails to deliver confirmed and compared to stock record	11-24	100 %	None	$	$
D. Fails to receive confirmed and compared to stock record	11-24	100 %	None	$	$
E. Stocks borrowed confirmed and compared to stock record	9-26	100 %	None	$	$
F. Stocks loaned confirmed and compared to stock record	9-26	100 %	None	$	$
	Last Previous Report				
A. Collateral items confirmed with banks and compared to stock record		%		$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement		%		$	$
C. Fails to deliver confirmed and compared to stock record		%		$	$
D. Fails to receive confirmed and compared to stock record		%		$	$
E. Stocks borrowed confirmed and compared to stock record		%		$	$
F. Stocks loaned confirmed and compared to stock record		%		$	$

7	Current Report	Last Previous Report
A. *Furnish the following information on unsecured accounts of customers at month end:*		
1. Total number of accounts	894	278
2. Total ledger DEBIT balances	$ 874,985.56	$ 224,599.68
3. Total market value of SHORT securities positions	$ 422,582.00	$ 159,363.00
B. *Furnish the following information on unsecured accounts of brokers at month end*		
1. Total number of accounts	25	4
2. Total ledger DEBIT balances	$ 5,358.45	$ 953.70
3. Total market value of SHORT securities positions	$ 284,621.00	$ 203,452

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Plaintiffs' Exhibit 19B

V

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

		Current Report	Last Previous Report
8	*Furnish the following information on bank accounts and related bank statements:*		
	A. Latest date, prior to the report date, as of which ALL bank accounts had been reconciled	11/30/69	10/30/69
	B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
	1. DEBITS	$ -0-	$ -0-
	2. CREDITS	$ -0-	$ -0-
	NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.		
9	*With respect to clearing arrangements:*		
	A. If the respondent clears through other brokerage organizations, state:		
	1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing brokers had been reconciled	-	-
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ -	$ -
	(b) CREDITS	$ -	$ -
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ -	$ -
	(b) SHORT	$ -	$ -
	B. If the respondent clears for other brokerage organizations, state the number thereof		

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Plaintiffs' Exhibit 19B

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED Jan 31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

		Current Report	Last Previous Report
9 cont.	*With respect to clearing arrangements:*		
	C. If the respondent clears through the Stock Clearing Corporation's direct mail clearance facilities, state: *		
	1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been reconciled		
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ -	$ -
	(b) CREDITS	$ -	$ -
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ -	$ -
	(b) SHORT	$ -	$ -
	NOTE: DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately		

10	*State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:*		
	A. New York Stock Exchange	513	-
	B. All other securities exchanges	652	-
	C. Over the Counter	320	-
	D. Other:	160	-
		1,645	1,829
		1	
	Totals	V	

NOTES: 1. TRADES consist of the buying and selling activities undertaken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance or other settlement activities on the part of the respondent. Transactions cleared or settled for correspondents should be included in determining the average number of trades, an order for the purchase or sale of, say, 500 shares, executed as 200 shares at 25 and 300 shares at 25¼, should be considered as two trades.

2. If the information as requested in this question will present a distorted representation of the respondent's business, the "Other" category may be classified into significant components, such as Underwriting, Specialist clearances, Correspondent clearances, and so forth.

3. Transactions included in the "Other" category (10 D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

* Not Applicable

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Plaintiffs' Exhibit 19B

VII

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/[illegible]
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

		Current Report	Last Previous Report
11	*State the average number, per trading day of the month:*		
	A. Of UNCOMPARED TRADES and ADVISORY TRADES	164	-
	B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	122	-

NOTES: 1. An UNCOMPARED TRADE is one (a) which is reflected differently on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions.

2. An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter, as revealed by contract sheets, in the case of clearing house transactions.

12	*State the number, over 30 days old at month end, of open transfer items:*		
	A. Being transferred by the respondent's organization	4,023	-
	B. Being transferred by other brokerage organizations for the respondent	none	-
	C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	none	-

13	*State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)*	4,217	-

14	*Estimate the average per day of the month, for the following:* *		
	A. Securities delivered to other brokers returned unaccepted (DK's):		
	1. Number of items		
	2. Percentage of such items to total items presented to brokers for delivery	%	%
	B. Securities delivered against payment to banks returned unaccepted:		
	1. Number of items		
	2. Percentage of such items to total items presented to banks for delivery	%	%

NOTE: With respect to securities delivered to other brokers through clearing houses, each deliver balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered.

* Not Applicable at this time

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Plaintiffs' Exhibit 19B

VIII

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

		Current Report	Last Previous Report
15	*State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements*	13	10
16	*State the latest date prior to the report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors*	10-31-69	-
	NOTE: FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position.		
17	*State the number of business days after the end of the month required to complete the normal daily posting of the following:*		
	A. General ledger	#	-
	B. Customer and broker accounts	#	-
	C. Stock record	#	-
	D. Margin records	#	-
	#An outside service automatically does the posting for the above daily.		
18	A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼, etc.)	463	463
	B. State the number, at month end, of personnel undergoing Registered Representative training	-	-
	C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	556	570
	D. State the number of personnel on your full time internal audit staff	2	2
	E. Is an outside service bureau used for daily recordkeeping activities?	YES ☒ NO ☐	YES ☒ NO ☐
	F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
	1. Internal courses	NONE	-
	2. External courses	NONE	-
	NOTE: PRODUCING PERSONNEL, for the purpose of this questionnaire, represent those, including partners or officers, who accept orders to execute trades		

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Plaintiffs' Exhibit 19B

IX

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 12/31/69
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE:

		Current Report
19	A. Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau systems) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☒ Not Applicable
	B. Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☐ Statement Attached ☒ Not Applicable

		Current Report	Last Previous Report
20	*Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:*		
	A. Cumulative net profit (loss) applicable to the current fiscal year	$ (6,397,343)	$ -
	B. Number of fiscal months to which the cumulative net profit (loss) applies	11	-

NAME OF RESPONDENT ORGANIZATION BLAIR & CO., INC.

SIGNED BY J. Vance B. Ramsey Jr.
(CHIEF EXECUTIVE)

AND Raymond Halverstadt Vice President
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)
By James J. Rusk V.P.

DATE 2/10/70

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE," AS APPROPRIATE, IF THERE IS NOTHING TO REPORT IN RESPONSE TO A PARTICULAR QUESTION.

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PLAINTIFFS' EXHIBIT 19B2

MEMO McCHESNEY TO BISHOP (ATTACHED IS MAY 19, 1969 MEMO FROM McCHESNEY TO BISHOP), MAY 23, 1969

File

10-181

NEW YORK STOCK EXCHANGE

MEMORANDUM

May 23, 1969

TO: Mr. Robert M. Bishop

FROM: L. W. McChesney

SUBJECT: Blair & Co. 1969 Audit

Vanderbilt Ep 2
LEW
1-5-76

Mr. Andrew Barr of the S.E.C. advised that the Commission will not take exception to the conducting of separate audits of the two Divisions of Blair & Co. in 1969.

Mr. Barr had conferred with Messrs. Pollack, Sporkin and Mallard prior to rendering this decision. He will also alert the San Francisco and New York regional offices to not take exception to this reporting procedure.

Lloyd McChesney

LWMcC/cmr

cc: F. S. Stock, Jr.
J. J. Deignan
G. Beliakow

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Plaintiffs' Exhibit 19B2

NEW YORK STOCK EXCHANGE

MEMORANDUM

May 19, 1969

TO: Mr. Robert M. Bishop

FROM: L. W. McChesney

SUBJECT: Arthur Young & Company Request for Separate Audits of Schwabacher & Co. and Blair & Co. Inc.

Arthur Young & Company, in a letter dated May 7, requested separate audits for two parts of Blair & Co. - Schwabacher & Co. to be conducted in June and Blair & Co. in September. In this request, AY stated that there are no significant inter-company dealings. AY & Co. believes that the overall audit of the firm in this manner will produce a better result than would a single audit of the entire entity at one time. The basic theory behind this is that a better utilization of personnel of both AY & Co. and the operations management and personnel of Blair & Co. would result.

In earlier conversations with Walter Olsen, Partner of AY, I indicated that at a minimum, the Exchange would require that a separate Special Financial Questionnaire be answered at the same time the audits were being conducted for the separate divisions. Also, that the answers be combined by AY to show total answers for the entire entity of Blair & Co.

For background information, AY completed a total of 34 audits of member firms in 1968 and has contracted for 29 audits in 1969. The decrease in audits of member firms is primarily in New York which dropped from 17 to 12. This decrease was the responsibility of AY & Co.'s policy of not undertaking more work than they believed their staff was capable of handling in a professional manner. In talking with Walter Olsen last night, the following information was developed:

1. Under the proposed review of operations at Schwabacher in June combined with the audit, AY & Co. is to evaluate existing management and procedures.

2. As a part of and immediately following this evaluation, AY is to make a detailed plan for combining the operations of Schwabacher and Blair. The development of this plan would perhaps take three to five months.

3. The present thinking is that the combining of operations would take place over a period of 18 to 24 months and would be accomplished on a branch-by-branch basis. All records would eventually be centered in New York. It is possible that the first branch conversion would take place in November and December and be completed by the end of December 1969.

4. The audit of Blair & Co. in 1968 required about 6,000 man-hours and billing was approximately $90,000 (these figures are from Mr. Olsen's memory and he was not able to refer to his specific records when I was talking with him).

5. The AY staff did consider the possibility of combining the audits of Blair & Co. and Schwabacher in June. In the best judgement of the partners of AY, the highly questionable condition of records at Schwabacher which contain a large number of long-standing differences, could conceivably result in an unsatisfactory report for the entire firm.

6. The big concern expressed by AY was the presentation of a 1969 statement of financial condition for the combined entity. This does not seem a major problem to me since the statement could be shown on a combining basis, that is, by showing three sets of figures, the audit portion, the unaudited division and the total. The accountant's certificate would relate to the audited portion.

I am sympathetic to the reasoning of AY & Co. However, the basic problem appears to me to be that AY & Co. appears unable to supply adequate numbers of expreienced personnel to undertake a combined audit. In my discussions with Mr. Olsen and with one of his partners, I became convinced that the firm is anxious to undertake the work required by Blair & Co. and wants to do a conscientious and competent job. An argument for allowing this type of audit which would be an exception to NYSE policies and rules is that at this late date, it is highly questionable whether any other public accounting firm could assemble enough experienced personnel to complete a thorough examination of the combined firm in 1969.

We must also consider that should the NYSE grant approval to this request under its own rules, AY & Co. would still be required to obtain approval from the SEC for an exception to its audit requirements. Should the Exchange desire to accommodate the AY request, it would be advisable to discuss this with the proper authorities at the SEC prior to advising AY of the NYSE decision.

The planning of this audit will take quite some time and Mr. Olsen has requested an early reply to his request. He is available for a visit to the Exchange should it be deemed desirable to discuss this proposal with him.

Lloyd McCrary

LWMcC/cmr

cc: F. J. Stock, Jr.
M. M. Frankhauser
L. E. Waterbury
G. Belyakow

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PLAINTIFFS' EXHIBIT 19C

REPORT BY ARTHUR YOUNG TO BLAIR & CO. ON PARTS II AND III OF BLAIR DIVISION AUDITED FINANCIAL QUESTIONNAIRE AS OF SEPTEMBER 26, 1969 DATED DECEMBER 5, 1969

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK N Y 10017

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

We have examined the Answers to Financial Questionnaire (Part I) of Blair Division of Blair & Co., Inc. at September 26, 1969 and have reported thereon under the date of December 5, 1969. Reference is made to that report wherein certain matters are discussed relative to the scope of our examination being limited to the books and records of Blair Division and to the qualification of our opinion with respect to the possible effects of this limitation and of the liabilities and accountabilities of Blair & Co., Inc. as a whole on the financial condition of its Blair Division.

The accompanying supplementary information, Answers to Financial Questionnaire (Parts II and III), has been subjected to the review and tests and other auditing procedures applied in the examination of Answers to Financial Questionnaire (Part I) mentioned above, and in our opinion, except for such adjustments, if any, as may have resulted without the limitation of our examination and subject to the possible effects of the liabilities and accountabilities of Blair & Co., Inc. as a whole on the financial condition of its Blair Division, is fairly stated in all respects material in relation to Answers to Financial Questionnaire (Part I) taken as a whole.

Arthur Young & Company

December 5, 1969

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR &.CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

Summary	Ledger balances	Valuation - long		
	Credit	Exempted securities	Other securities	Demand notes
Officers and/or directors	$26,500	$283,100	$1,394,875	$1,699,000
Others	45,519	369,650	7,586,274	7,991,000
	$72,019	$652,750	$8,981,149	$9,690,000

Note: The cash and securities are pledged to secure the individual demand notes of the above officers and/or directors and others. The amount to be included in capital in cash and security valuations cannot exceed the face amount of the demand notes.

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART III

(B) Total cash required after application of current outstanding calls for margin or other deposits

(2) To provide margin in customers' security accounts in accordance with the maintenance requirements of Rule 431, exclusive of bona fide cash accounts $27,246

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Security position in secured joint account with credit balance carried by respondent in which respondent has a 25% interest as reported in answer to Question 6. B. of Part I

Description	Quantity Short	Price	Valuation Short
Pay N Pak Stores	40,415	$ 10	$404,150

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Plaintiff's Exh 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a)(i) Securities supporting valuations reported in answer to Question 6.C.1. of Part I

Quantity				Valuation	
Long	Short	Description	Price	Long	Short
Other securities:					
Par value					
$1,000		Banger Punta, 5-3/4%, 1992	$ 69	$ 690	
	$5,000	Commercial Banking, 6%, 1973	75		$ 3,750
	5,000	Indian Head Inc., 5-1/2%, 1993	84		4,200
5,000		Indian Head Inc., 5-1/2%, 1990, with warrants	85	4,250	
5,000		Indian Head Inc., 5-1/2%, 1990, ex warrants	67	3,350	
	5,000	Indian Head Inc., 5-1/2%, 1990, ex warrants	67		3,350
	400	RCA Corp., 4-1/2%, 1992	89		356
4,000		Standard Computers, 6-1/4%, 1980, ex warrants	63	2,520	
1,000		Tenneco Inc., 7%, 1993	83	830	
Shares					
	200	Abbott Laboratories	74		22,200
100		Air West	10	1,000	
11		American Export Industries	26	286	
	11	American Export Industries, $6 Pfd.	67		737
	42	American Express, $2.30 Pfd.	66		2,772
400		American National Insurance	10	4,000	
	400	American Natural Gas	33		13,200
50		ATCO Chemical	3	150	
	90	Banister Continental	11		990
300		Bluebird Inc.	8	2,400	
20		Brascan Ltd.	14	280	
50		Brown Enterprises	16	800	
15		Community Health Facilities	14	210	
	125	Computer Communications	42		5,250
15		Computer Leasing	12	180	
	380	Computer Leasing	12		4,560
380		Computer Leasing, warrants	5	1,900	
300		Computer Sharing	4	1,200	
50		Computer Systems	1	50	
	200	Continental Oil	28		5,600
	100	Crawford & Co.	25		2,500
100		Crawford Corp.	5	500	
50		Dean Research	7	350	
5		Del Monte Corp.	27	135	
	49	Diamond Shamrock	21		1,029
49		Diamond Shamrock, Special Common	15	735	

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Plaintiff's
Exh 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a)(i) Securities supporting valuations reported in answer to Question 6.C.1. of Part I

Quantity				Valuation	
Long	Short	Description	Price	Long	Short
Other securities (Cont'd):					
Shares					
200		East Utah Mining	$ 1	$ 200	
	200	Electronic Research	14		$ 2,800
12		Electronized Chemical	8	96	
4		Evans Products	41	164	
80		Frequency Electronics	10	800	
60		Fund American Companies	3	180	
	59	GAC Corp.	51		3,009
20		Gal Friday Services	5	100	
100		General Devices	1	100	
7		Gulf & Western Industries	21	147	
	200	Hyatt Corp.	35-3/4		7,150
150		Hydrodyne Inc.	2	300	
	72	Intellectron Inc.	9		648
200		Iowa Electric	18	3,600	
50		Kellett Corp.	6	300	
	50	Kellogg American	8		400
20		Kerr McGee, 4-1/2% Pfd.	77	1,540	
	100	King Resources	32		3,200
100		LTV Electro Systems	8	800	
150		Manhattan Fund	7	1,050	
	16	Material Science Industries	7		112
	85	McDonald's Corp.	35-3/4		3,039
85		McDonnell Douglas	25	2,125	
	16	Medic Home Enterprises	14-1/2		232
16		Medic Home Leasing	6	96	
	100	Meriele Oil	4		400
20		Milwaukee Western	2	40	
10		Mitron Research	4	40	
	100	Nathans Famous	7		700
50		National Medical Enterprises	32	1,600	
	[illegible]	New York American Beverage	6		1,200
200		New York American Beverage, $4 Pfd.	2	400	
33		North American Rockwell	26	858	
	33	North American Rockwell, $4.75 Pfd.	68		2,244
50		Nuclear Corp. of America	4	200	
27		Occidental Petroleum	26	702	
100		Poly Manufacturers	3	300	

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Plaintiff's
Exh 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a)(i) Securities supporting valuations reported in answer to Question 6.C.1. of Part I

Quantity				Valuation	
Long	Short	Description	Price	Long	Short
Other securities (Cont'd):					
Shares					
65		Ray Resources	$ 18	$ 1,170	
	12	Republic Corp.	27		$ 324
	50	Richman Bros.	57		2,850
100		S & M Industries	1	100	
	100	Santa Fe Industries	30		3,000
100		Santa Fe Industries, Pfd.	10	1,000	
100		Schering Corp.	55	5,500	
25		Schrader Corp.	13	325	
	75	Scientific Data Systems	153		11,475
100		Seaboard Allied Milling	9	900	
1,000		Spencer Kennedy Laboratories	3	3,000	
100		Standard Computers, Warrants	5	500	
	75	Standard Oil - New Jersey	69-1/4		5,194
500		Sterling Precision	6	3,000	
	37	Superscope Inc.	28		1,036
50		Temple Industries	20	1,000	
54		Travelers Corp.	33	1,782	
	54	Travelers Corp., $2 Pfd.	44		2,376
500		Ultrasciences Inc.	4-1/2	2,250	
100		Universal Oil Products	23	2,300	
100		Uranium Icing	1	100	
	200	Webb Resources	25		5,000
300		Wrather Corp.	8	2,400	
		Total other securities		$66,881	$126,983

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Plaintiff's
Exh. 190

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

BEST COPY AVAILABLE

PART II

(a) (i) Securities supporting valuations reported in answer to Question 6.C.2. of Part I

Quantity				Valuation	
Long	Short	Description	Price	Long	Short
Other securities:					
Shares					
	100	Aero-Flow Dynamics	$ 13		$ 1,300
	20	Armstrong Cork	37		740
	25	Automatic Data Processing	84		2,100
	59	Baruch Foster	6		354
50		Bunker Ramo, $1.50 Cv. Pfd.	36-1/4	$ 1,813	
	52	Chris-Craft Industries, $1.40 Pfd.	26		1,352
	27	City Investing	30		810
30		Colt Industries	44	1,320	
17		Colt Industries, $4.25 Pfd.	73	1,241	
	18	Curtis Wright	19-1/4		347
100		Dynalectron Corp.	8	800	
	23	Emerson Electric	53		1,219
	100	Ero Industries	34		3,400
	12	Gray Drug Stores	25		300
	10	Gulf & Western Industries	21		210
	300	INA Corp.	33		9,900
100		Leasco Data	24-1/2	2,450	
200		Leasco Data, warrants	11-1/2	2,300	
	10	Ling Temco Vought	36		360
	500	Massachusetts Life Insurance	2		1,000
	50	Marshall Land & Farming	41		2,050
	100	Nuclear Corp. of America	4		400
	1,000	Pennsylvania Engineering	4		4,000
	2	Polaroid Corp.	131		262
	100	Silver Dollar Mining	8		800
	65	Solitron Devices	36-1/4		2,356
	100	Sterner Lighting	13		1,300
	25	Sunair Electronics	8		200
	100	Technical Tape	6		600
100		United Industrial	13	1,300	
	100	U. S. Financial	54		5,400
	100	U. S. Industries	24		2,400
	102	Whittaker Corp.	22		2,244
	20	Wilshire Oil	8		160
	200	Winslow Teletronics	2		400
		Total other securities		$11,224	$45,964

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Securities in trading and investment accounts of respondent supporting valuations reported in answer to Question 10 of Part I

Quantity	Description	Price	Valuation
Exempted securities - long:			
Par value			
$100,000	Allegheny County, Penna., 5-3/4%, 1990	$ 95	$ 95,000
10,000	Baltimore, Md., 3%, 1982	66	6,600
80,000	Belmont County, Ohio, 5-3/4%, 2008	87	69,600
5,000	Blue Mountain, Penna., 5-1/2%, 1998	80	4,000
465,000	Cobb County, Ga., 6-1/2%, Various	92	427,800
10,000	Connecticut, 7-3/4%, 1998	98	9,800
45,000	Dewitt, N.Y., 5-1/4%, Various	92	41,400
10,000	Federal Home Loan Bank, 8%, June 26, 1970	99	9,900
20,000	Illinois Building Authority, 5.90%, 1987	98	19,600
100,000	Illinois Building Authority, 6%, 1985	100	100,000
10,000	Massachusetts, 3.10%, 1980	70	7,000
10,000	Massachusetts, 3.70%, 1977	83	8,300
10,000	Medway, Mass., 3.60%, 1980	76	7,600
100,000	Minneapolis, Minn., 3%, 1979	75	75,000
10,000	New Jersey Turnpike Authority, 5-7/8%, 2008	96	9,600
785,000	New York City, N.Y., 6-1/4%, Various	96	753,600
25,000	New York State Housing Finance, 3.60%, 1979	80	20,000
250,000	New York State Housing Finance, 5.90%, 1984	94	235,000
50,000	New York State Thruway, 3.20%, 1989	61	30,500
50,000	New York State Thruway, 3-1/2%, 1987	68	34,000
40,000	Onandago County, N.Y., 3-1/4%, 1970	96	38,400
255,000	Pennsylvania, 5-3/4%-7-1/2%, Various	100	255,000
395,000	Philadelphia, Penna., 6-1/2%, Various	98	387,100
30,000	Ross-Westview, Penna., 5.90%, 1988	96	28,800

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Securities in trading and investment accounts of respondent supporting valuations reported in answer to Question 10 of Part I

Quantity	Description	Price	Valuation
Exempted securities - long (Cont'd):			
Par value			
$ 10,000	Seattle, Wash., 3.70%, 2000	$-68	$ -6,800
10,000	Springfield, Penna., 5.80%, 1979	99	9,900
	Total exempted securities - long		$2,690,300
Other securities - long:			
22,000	American Realty Trust, 7%, 1984	79	$ 17,380
10,000	Computer Leasing, 6%, 1987	70	7,000
4,000	General Telephone of California, 7-1/8%, 1998	89	3,560
5,000	Gulf States Utilities, 8-1/8%, 1999	98	4,900
40,000	Heublein Co., 5-3/4%, 1994	99	39,600
30,000	Indian Head Inc., 5-1/2%, 1990, with warrants	85	25,500
30,000	Ohio Edison, 8-1/4%, 1999	100	30,000
185,000	R. J. Reynolds Co., 7-7/8%, 1994	96	177,600
112,000	R. J. Reynolds Co., 8-1/8%, 1974	100	112,000
4,000	Textron Inc., 5%, 1984, with warrants	230	9,200
1,000	Textron Inc., 5%, 1984, ex warrants	79	790
10,000	Wolverine Power, 3%, 1979	50	5,000
Shares			
22	American Family Life Assurance	33-1/2	737
6,575	Barbara Lynn Stores	20	131,500
100	Bloomfield Building Industries	7-3/4	775
420	Brandon Applied Systems	7	2,940
35	British Newfoundland	5	175
1,000	Brown Enterprises	16-3/4	16,750
400	Burroughs Corp.	155	62,000
130	Capital Reserve	15-1/2	2,015
1,000	Carolina Power & Light	29-1/2	29,500
2,000	Carter Wallace	28	56,000
490	CCI Marquardt	8-3/4	4,288
1,043	CGS Scientific	15-1/2	16,167

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Securities in trading and investment accounts of respondent supporting valuations reported in answer to Question 10 of Part I

Quantity	Description	Price	Valuation
Exempted securities - long (Cont'd):			
Par value			
$ 10,000	Seattle, Wash., 3.70%, 2000	$-68	$ 6,800
10,000	Springfield, Penna., 5.80%, 1979	99	9,900
	Total exempted securities - long		$2,690,200
Other securities - long:			
22,000	American Realty Trust, 7%, 1984	79	$ 17,380
10,000	Computer Leasing, 6%, 1987	70	7,000
4,000	General Telephone of California, 7-1/8%, 1998	89	3,560
5,000	Gulf States Utilities, 8-1/8%, 1999	98	4,900
40,000	Heublein Co., 5-3/4%, 1994	99	39,600
30,000	Indian Head Inc., 5-1/2%, 1990, with warrants	85	25,500
30,000	Ohio Edison, 8-1/4%, 1999	100	30,000
185,000	R. J. Reynolds Co., 7-7/8%, 1994	96	177,600
112,000	R. J. Reynolds Co., 8-1/8%, 1974	100	112,000
4,000	Textron Inc., 5%, 1984, with warrants	230	9,200
1,000	Textron Inc., 5%, 1984, ex warrants	79	790
10,000	Wolverine Power, 3%, 1979	50	5,000
Shares			
22	American Family Life Assurance	33-1/2	737
6,575	Barbara Lynn Stores	20	131,500
100	Bloomfield Building Industries	7-3/4	775
420	Brandon Applied Systems	7	2,940
35	British Newfoundland	5	175
1,000	Brown Enterprises	16-3/4	16,750
400	Burroughs Corp.	155	62,000
130	Capital Reserve	15-1/2	2,015
1,000	Carolina Power & Light	29-1/2	29,500
2,000	Carter Wallace	28	56,000
490	CCI Marquardt	8-3/4	4,288
1,043	CGS Scientific	15-1/2	16,167

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Securities in trading and investment accounts of respondent supporting valuations reported in answer to Question 10 of Part I

Quantity	Description	Price	Valuation
Other securities - long (Cont'd):			
Shares			
771	Charvoz-Carsen	$ 3	$ 2,313
700	Chris-Craft Industries	13-1/2	9,450
100	Chuck Barris Productions	6-1/4	625
15	Circuit Foil	52	780
900	City Investing, $1.31 Pfd.A	62	55,800
300	City Investing, $2 Conv. Pfd.B	48	14,400
400	CNA Financial	27	10,800
182	Computax Services	40	7,280
496	Computer Communications	42	20,832
587	Computer Industries	14-1/2	8,512
100	Computer Sharing	4	400
400	Cowles Communications	11	4,400
950	Credithrift Financial	17-1/2	16,625
4,500	Derose Industries	13-3/4	61,875
54	Units - Diversified Mortgage Investors	3,000	162,000
200	Energy Resources	5	1,000
175	Ennis Brandon Computer Services	11	1,925
332	Franklin National Bank	36	11,952
225	Franklin National Bank, $2.45 Conv. Pfd.	40-1/2	9,113
380	Frantz Manufacturing	15	5,700
1,000	Frisch's Restaurants	25-1/4	25,250
30	General Motors	74-1/4	2,228
1,000	Glen Alden	9	9,000
329	Helms Express	10	3,290
800	Hondaille Industries	16	12,800
2,060	Industro Transistor	3-1/2	7,210
143	Inter-Continental Photocopy	9-1/2	1,359
1,166	Intercontinental Systems	7-3/4	9,037
100	Kaiser Cement & Gypsum	20	2,000
400	Lomart Perfected Devices	8	3,200
200	Management Assistance	3-1/4	650
2,151	Marmon Group	15-1/2	33,341
6	Mechanics Bancorp	49-1/2	297
59	Medic Home Enterprises	14-1/2	856
95	Medical Home Leasing	6-1/2	618
209	Medical Mortgage Investors	24-3/4	4,950
100	J. Michaels Inc.	8-1/2	850

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Securities in trading and investment accounts of respondent supporting valuations reported in answer to Question 10 of Part I

Quantity	Description	Price	Valuation
Other securities - long (Cont'd):			
Shares			
500	Mohawk Data Sciences	$ 70-1/2	$ 35,250
500	Morse Electric Products	39-1/2	19,750
537	Mutual Franchise	11-1/2	6,176
117	National Equities	48	5,616
50	National Spinning	10-3/4	538
175	National Western Life Insurance,A	7	1,225
700	Natural Gas Pipeline, 7% Pfd.	88	61,600
18	Niagara Frontier Services	11-1/2	207
10	Northern Natural Gas, 8.48% Pfd.	100	1,000
50	Occidental Petroleum	26	1,300
6,595	Oil Gear	28-1/2	187,958
1,000	Olin Corp.	22-1/2	22,500
10	Pittsburgh, Youngstown & Ashland Railroad	94-1/4	943
100	Ripley Co.	16	1,600
50	Rocket Research	26-1/2	1,325
100	Ryder Systems	45	4,500
224	Sanitas Service	15-1/2	3,472
501	Servotronics Inc.	14-3/4	7,390
40	Simon & Schuster	6	240
360	Sterling Savings & Loan	8	2,880
50	Swiss Chalet	5-3/4	288
1,000	Systems Engineering Laboratories	40	40,000
100	Technivest Fund	8	800
105	Trans-Air Freight Systems	7-1/2	788
480	Tri-Chem Inc.	15	7,200
200	United Refining	15	3,000
100	U.S. Fidelity & Guaranty	63	6,300
705	Volt Information Sciences	9	6,345
200	Westcoast Productions	10-1/4	2,050
60	Weyerhauser Co., $6.75 Conv. Pfd.	98-1/2	5,910
	Total other securities - long		$1,716,246
Exempted securities - short:			
Par value			
$ 10,000	Philadelphia, Penna., 3-1/2%, 1975	85	$ 8,500

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Plaintiffs' Exhibit 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(a) (i) Securities in trading and investment accounts of respondent supporting valuations reported in answer to Question 10 of Part I

Quantity	Description	Price	Valuation
Other securities - short:			
Par value			
$ 8,000	CGS Scientific, 6%, 1984	$ 91	$ 7,280
10,000	Indian Head Inc., 5-1/2%, 1990, ex warrants	67	6,700
10,000	Lyntex Corp., 6%, 1987	81	8,100
Shares			
100	American Hospital Supply	39-1/2	3,950
100	Cellu-Craft	13-1/2	1,350
1,200	City Investing	30	36,000
183	Clinton Engines	2-1/4	412
451	Collins Radio	48	21,648
135	Entwistle Co.	17-3/4	2,396
100	John H. Hanland Co.	15	1,500
25	Her Majesty Industries	12	300
326	Hyatt Corp.	35-3/4	11,655
128	Inarco Corp.	6-3/4	864
400	Indian Head Inc., warrants	12-1/4	4,900
100	National Life Insurance of Florida	11	1,100
150	Nationwide Industries	5-1/2	825
50	Occidental Petroleum, 3.60 Pfd.	78	3,900
250	Siboney Corp.	3-1/2	875
200	SMC Investment	13	2,600
1,000	Solitron Devices	36-1/4	36,250
200	Systron Donner Corp.	21-1/4	4,250
160	Textron Inc., warrants	19-3/4	3,160
25	U. S. Life Holding	30	750
100	Value Line Development Fund	11	1,100
100	Viatron Computer Systems	38-1/2	3,850
203	World Wide Heliocopter	1-3/4	355
	Total other securities - short		$ 166,070

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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PART II.

(a)(i) Details of securities and options in conversion account of respondent reported in answer to Question 10 of Part I

Quantity		Long put and short call option price (Notes 1 and 2)		Other securities - long	
Shares	Description		Contract amount	Market price	Valuation
1,000	Diversified Industries	$45-1/2	$45,500	$ 15	$15,000
300	Golden Cycle	42-3/8	12,712	22	6,600
100	National Industries	15-5/8	1,563	10	1,000
500	Rucker Co.	15-1/4	7,625	15	7,500
			$67,400		$30,100

Note 1: The long put options are endorsed by member firms.

Note 2: The cost per share of the long securities owned by respondent is the same as the option price of the long puts and short calls.

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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PART II

(a)(i) Subordinated accounts covered by "Satisfactory Subordination Agreements" filed with the New York Stock Exchange

Reported in answer to Question 12.A.1 of Part I:

	Ledger balances Credit	Quantity Shares	Description	Price	Valuation long Other securities	Dates of expiration of agreement
Albert F. Beringer, 1 account - officer and director	$ 20	1,232	Continental Copper & Steel	$ 9-3/8	$ 11,550	September 30, 1970
		497	Dart Industries	43	23,856	
		5,932	Glen Gery Corp.	13	77,076	
		508	Gulf States Utilities	20-1/2	10,414	
		426	Sterling Drug	38-1/2	16,401	
					139,597	
Estate of Elizabeth M. Beringer - customer	526	552	American Electric Power	29-1/8	16,077	September 30, 1970
		2,500	Glengery Corp.	13	32,500	
		500	Leasco Data, $2.20 Conv. Pfd.	43	21,500	
					70,077	
Estate of Laurence M. Symmes - customer	-	230	American Telephone & Telegraph	51-1/2	11,845	September 30, 1970
	$ 546				$221,519	

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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PART II

(a)(i) Other subordinated borrowings which are unconditionally subordinated to all claims of general creditors pursuant to the terms of the registered subordinated debenture notes and the 6% registered subordinated notes, due August 1, 1973, approved by the New York Stock Exchange

		Amount
Reported in answer to Question 12.B. of Part I:		
Registered subordinated debenture notes, interest at prime rate in New York City plus 2% contingent interest but not less than 6%:		
These notes are owned by the following officers and/or directors:		
John F. Conlin	$ 11,000	
John H. Dean	8,000	
George E. Nixdorf	22,000	
Oliver DeG. Vanderbilt	1,587,000	$1,628,000
Others:		
E. Carleton Granbery, Jr.	35,000	
John Granbery	15,000	
John Granbery, trustee for Elise G. Becket	25,000	
Louise Granbery	25,000	
Benjamin V. Harrison, Jr.	200,000	
Arthur Linkletter	50,000	
Jacob G. Schurman, III	60,000	
Juanita Schurman	50,000	
John L. Schwabacher	300,000	
Ethel Sokolow	300,000	
Simon Zunamon	25,000	1,085,000
Total registered subordinated debenture notes, interest at prime rate in New York City plus 2% contingent interest but not less than 6%		$2,713,000

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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PART II

(a)(i) Other subordinated borrowings which are unconditionally subordinated to all claims of general creditors pursuant to the terms of the registered subordinated debenture notes and the 6% registered subordinated notes, due August 1, 1973 approved by the New York Stock Exchange

		Amount
Reported in answer to Question 12.B. of Part I (Cont'd):		
8% registered subordinated debenture notes - these notes are owned by the following:		
Others:		
Herbert J. Dunn		$ 20,000
Howard Monroe		25,000
James Rafferty		95,000
Claire H. Schlemmer		40,000
James W. Shoemaker		25,000
Cecil J. Smith		25,000
Total 8% registered subordinated debenture notes		$ 230,000
6% registered subordinated notes, due August 1, 1973 - these notes are owned by the following:		
Officer:		
John W. Hurley		$ 1,700
Others:		
Clarence E. Hale	$ 6,500	
Frederick W. Herreilers	2,300	
Richard D. Howe	7,000	
Estate of Laurence M. Symmes	8,500	24,300
Total 6% registered subordinated debenture notes, due August 1, 1973		$ 26,000

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Shares	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of officers and/or directors:								
Edward I. Beckert	$ 139	$ 49,841	$ 50,000	300	EMM Industries	$ 20-5/8		$ 6,183
				1,000	Cellu-Craft, warrants, May 31, 1972	21		21,000
				625	Rapid American	21-5/8		13,516
				1,350	Rapid American, warrants	7-1/2		10,125
								50,824
Albert F. Beringer, 2 account	330	24,670	25,000	528	Automation Industries, pfd.	48-1/4		25,476
Albert F. Beringer, 3 account	-	115,000	115,000	5,000	Farmer Bros.	9		45,000
				40	C&W Land & Development	13-1/2		540
				803	Gulf & Western Industries	21		16,863
				2,230	Tenneco Inc.	23-3/4		52,993
								115,396
Stuart W. Deringer	190	21,810	22,000	30	Northwest Industries, $5 pfd.	49		1,470
				66	Northwest Industries, warrants	5		330
				50	Occidental Petroleum, $3.60 pfd.	78		3,900
				150	Olin Corp.	22-1/2		3,375
				287	Roblin Industries, 6% pfd.	41		11,767
				Par value				
				$ 1,500	Northwest Industries, 7-1/2%, 1994	66		990
								21,842
Edwin A. Buehlman	-	37,000	37,000	20,000	New York City, N.Y., 4.90%, 1993	80	$ 20,000	
				20,000	New York City, N.Y., 5.40%, 1999	89	17,800	
							37,800	
				Shares				
Martin J. De Gennaro	180	5,820	6,000	100	Gulton Industries	21-3/4		2,175
				400	Mutual Franchise	11-1/2		4,600
								6,775
				Par value				
Adele D. Greef - terminated December 1, 1969	-	35,000	35,000	$ 30,000	Port of New York Authority, 4%, 2002	70	35,000	
Trust Lynch	-	35,000	35,000	40,000	Beauregard Parish, La., 5-3/4%,			

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of officers and/or directors (Cont'd):								
Samuel F. McNeil, Jr.	$ 2,303	$ 10,697	$ 13,000	300	Solitron Devices	$ 36-1/4		$ 10,87
Thomas R. McNeil	7	6,993	7,000	500	Servotronics Inc.	14-3/4		7,37
E. Cummings Parker	4,282	12,718	17,000	100	DPA Inc.	10		1,00
				Par value				
				$ 10,000	Kenton, Ky., 5.30%, 1993	84	$ 8,400	
				5,000	Pacific Southwest Airline, 6%, 1987	70		3,500
							8,400	4,900
				Shares				
James B. Ramsey, Jr.	3,763	109,237	113,000	200	Amsted Industries	35		7,000
				191	Atkinson Corp.	9-1/2		1,815
				108	Blair Fund	10-3/4		1,131
				1,000	CGS Scientific	15-1/2		15,500
				500	Chock Full O Nuts	11		5,500
				100	Ebasco Industries	85		8,500
				266	Hamburger Hamlets	35-1/2		9,443
				500	J-K Industries	3		1,500
				200	Roberts Enterprises	10-1/2		2,100
				Par value				
				$ 35,000	Dade County, Fla., 5-1/2%, 2007	87	30,450	
				25,000	Teleprompter Corp., 5-1/2%, 1989	106		26,500
							30,450	79,019
				Shares				
James J. Rush	691	97,309	98,000	200	American Airlines	31-1/2		6,300
				228	Eastern Airlines	18-1/2		4,218
				288	General Public Utilities	23		6,624
				2,000	Northwest Airlines	29-3/4		59,500
				Par value				
				$ 25,000	Dade County, Fla., 5.30%, 1993	83	20,750	
							20,750	76,642

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Par value	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of officers and/or directors (Cont'd):								
Jay B. Samson	$ 1,389	$ 9,611	$ 11,000	$ 10,000	North American Philips, 4%, 1992	$ 96-1/4		$ 9,625
John Spohler	-	16,000	16,000	20,000	New York City, N.Y., 4.90%, 1987	80	$ 16,000	
				Shares				
James J. Sullivan	-	57,000	57,000	2,100	Indian Head Inc.	27-1/4		57,225
Oliver DeG. Vanderbilt	13,206	1,028,794	1,042,000	400	Ara Services	113		45,200
				1,000	Amsted Industries	35		35,000
				1,000	Bendix Corp.	41-3/4		41,750
				927	Berkey Photo	18-1/2		17,150
				18,527	Blair Fund	10-3/4		199,165
				500	Dart Industries	48		23,110
				700	Walt Disney Productions	90-1/4		63,273
				1,000	Gulton Industries	21-3/4		21,750
				415	Harsco Corp.	19-3/4		8,196
				200	Honeywell Inc..	137		27,400
				300	Itek Corp.	62		18,600
				2,000	Loews Theatres, warrants	13-1/2		27,000
				2,200	Mutual Franchise	11-1/2		25,300
				1,300	Parke Davis	33		42,900
				400	PepsiCo Inc.	49		19,600
				1,500	Phillips Lamp	18		27,000
				1,400	Phillips Petroleum	29-3/4		41,650
				700	Standard Oil - New Jersey	69-1/4		48,475
	27-1/2			700	Syntex Corp.	72-1/4		50,575
				1,200	Transamerica Corp.	24		28,800
				1,000	Warner Lambert	65-1/2		65,500
				Par value				
				$ 50,000	American Airlines, 4-1/4%, 1992	82		41,000
				5,000	U.S. Treasury, 4%, August 15, 1972	90	$ 4,500	
				50,000	U.S. Treasury, 5-3/8%, August 15, 1974	91	45,500	
				50,000	U.S. Treasury, 7-3/4%, February 15, 1971	99	49,500	
							99,500	922,326
	$20,500	$1,072,500	$1,089,000				$243,196	$1,204,875

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Shares	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others:								
Rita Adams - to be terminated January 1, 1970	$ 1,193	$ 87,807	$ 89,	100	Alaska Airlines	$ 16		$ 1,600
				200	Borden Inc.	26-1/2		5,300
				200	Ilikon Corp.	1-1/2		300
				200	Mapco Inc.	23-3/4		4,750
				176	National Aviation	20-1/4		3,564
				300	National Presto Industries	30-1/2		9,150
				100	Parke Davis	33		3,300
				802	Philips Lamps	18		14,436
				1,203	Transamerica Corp.	24		28,872
				242	Veeder Industries	28-1/2		6,897
				100	Victor Life Insurance	45		4,500
				200	Viviane Woodward	19-3/4		3,950
								96,203
James Arneil	345	152,655	153,000	4,600	City Investing	30		138,000
				1,000	Servotronics Inc.	14-3/4		14,750
								152,750
Paul R. Austin	-	129,000	129,000	200	American Machine & Foundry	20		4,000
				100	City Investing	30		3,000
				300	Commonwealth Oil	21		6,300
				402	Dupont de Nemours	115-3/4		46,551
				690	General Motors	74-1/4		51,158
				202	Walter Kidde	42-1/4		8,535
				500	Leasco Data, warrants	11-1/2		5,750
				200	National Hospital	8		1,600
				91	Rowe Price New Horizons Fund	27-1/2		2,503
								129,377
Vera M. Austin	-	40,000	40,000	100	Addressograph Multigraph	79		7,900
				160	DuPont de Nemours	115-3/4		18,520
				300	Leasco Data, warrants	11-1/2		3,450
				200	Occidental Petroleum	26		5,200
				200	Ramada Inns	26-1/2		5,300
								40,370

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Shares	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others (Cont'd):								
Albert W. Barnhart	$ 3,400	$ 14,600	$ 18,000	153	CCI Marquardt	$ 8-3/4		$ 1,339
				40	CCI Marquardt, pfd.	27		1,080
				400	Gulf States Land & Industries	5-1/2		2,200
				2	Marquardt Corp.	8-3/4		18
				207	New York Honduras & Rosario Mining	40		8,280
				100	Sprague Electric	25		2,500
								15,417
Alice T. Beringer	13,428	196,572	210,000	200	Aluminum Company of America	72-1/2		14,500
				100	American Can	50-1/2		5,050
				200	Amoskeag Co.	53		10,600
				100	Athlone Industries	33-1/2		3,350
				2,150	Glen Gery Corp.	13		27,950
				300	Gulf & Western Industries, 3-7/8% pfd.	52		15,600
				60	Hajoca Corp.	80		4,800
				50	Indiana Gas & Chemical	41		2,050
				200	Leasco Data, $2.20 conv. pfd.	43		8,600
				100	Litton Industries	45-3/4		4,575
				800	Lynch Communications Systems	33-1/2		26,800
				100	National Bank of Detroit	57-1/2		5,750
				50	Occidental Petroleum $3.60 pfd.	78		3,900
				100	Occidental Petroleum $4 pfd.	76-1/2		7,650
				200	Penn Central	37-1/2		7,500
				500	Public Service of Colorado	19		9,500
				300	Roblin Industries, 6% pfd.	41		12,300
				500	Village Supermarkets	13		6,500
				Par value				
				$ 5,000	CGS Scientific, 6%, 1984	91		4,550
				10,000	Florida Gas, 4-3/4%, 1987	103		10,300
				6,000	Roblin Industries, 5-1/2%, 1984	83		4,980
								196,805
				Shares				
Chamberlin Detention Screens Inc. 373		28,627	29,000	10	Cerro Corp.	23-1/4		233
				100	Monsanto Co.	39-3/4		3,975
				633	New York Honduras & Rosario Mining	40		25,320
								29,528

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances						Valuation - long	
	Credit	Securities	Demand notes	Quantity	Description	Price	Exempted securities	Other securities
Demand notes of others (Cont'd):								
Evelyn Citrin	$ 3,873	$ 247,127	$ 251,000	800	Amsted Industries	$ 35		$ 28,000
				250	Boise Cascade	67-3/4		16,938
				2,000	CGS Scientific	15-1/2		31,000
				500	Chock Full O Nuts	11		5,500
				400	Computer Communications	42		16,800
				500	Consolidated Natural Gas	26-1/2		13,250
				686	Hamburger Hamlets	34-1/2		23,642
				60	Minnesota Mining & Manufacturing	110-1/2		6,630
				100	New England Nuclear	16-1/2		1,650
				200	Sargent-Welch Scientific	15		3,000
				350	G. D. Searle & Co.	36-1/4		12,688
				201	Tenneco Inc.	23-3/4		4,773
				387	Westbury Fashions	6-1/4		2,419
				Par value				
				$ 10,000	Computer Leasing, 6%, 1987	70		7,000
				25,000	Indian Head, 5-1/2%, 1993	84		21,000
				50,000	Teleprompter Corp., 5-1/2%, 1989	106		53,000
								247,291
				Shares				
Margaret S. Davis	-	85,000	85,000	1,156	General Motors	74-1/4		85,833
Benjamin V. Harrison, Jr. - to be terminated April 30, 1970	-	138,000	138,000	500	American Telephone & Telegraph	51-1/2		25,750
				655	General Motors	74-1/4		48,634
				520	Standard Oil - New Jersey	69-1/4		36,010
				826	Texaco Inc.	30-3/4		25,400
				Par value				
				$ 3,000	Detroit Edison, 3%, 1970	94		2,820
								138,614

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances		Demand	Quantity			Valuation - long	
	Credit	Securities	notes	Shares	Description	Price	Exempted securities	Other securities
Demand notes of others (Cont'd):								
Melville H. Ireland	$ 4,428	$3,102,572	$3,107,000	2,500	Black & Decker	$ 65-1/2		$ 163,750
				3,000	Chrysler Corp.	38		114,000
				4,000	Consolidated Freightways	29-1/4		117,000
				5,020	Continental Oil	28-1/2		143,320
				4,000	Emery Air Freight	52-3/4		211,000
				500	Honeywell Inc.	137		68,500
				1,200	International Business Machines	346-1/2		415,800
				3,076	Litton Industries	45-3/4		140,727
				6,000	MGIC Investment	51-1/2		309,000
				2,000	Minnesota Mining & Chemical	110-1/2		221,000
				5,000	Mutual Franchise	11-1/2		57,500
				10,000	National Airlines	33-1/4		332,500
				5,862	Texaco Inc.	30-3/4		180,267
				2,400	Xerox Inc.	102		244,800
				Par value				
				$150,000	American Airlines, 4-1/4%, 1992	82		123,000
				100,000	New York State, 5-3/4%, March 13, 1970	100	$100,000	
				150,000	U.S. Treasury, 2-1/2%, March 15, 1970	98	147,000	
							247,000	2,833,154
				Shares				
Mary L. Kronfeld - to be terminated April 30, 1970	15,703	134,297	170,000	500	DMH Corp.	30-1/2		15,250
				400	Dorsey Corp.	19-1/4		7,700
				500	Foodarama Supermarkets	15-3/4		7,875
				20	International Business Machines	346-1/2		6,930
				300	Mobil Oil	54		16,200
				400	Pabst Brewing	38-3/4		15,500
				Par value				
				$ 20,000	American Machine & Foundry, 4-1/4%, 1981	70		14,000
				40,000	Reynolds Metals, 4-1/2%, 1991	71		28,400
				20,000	United Air Lines, 5%, 1991	78		15,600
				27,000	U.S. Treasury Bills, October 9, 1969	100	27,000	
							27,000	127,455

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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

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PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Shares	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others (Cont'd):								
William M. Lendman	$ 475	$ 68,525	$ 67,000	217	Blair Fund	$ 10-3/4		$ 2,333
				1,900	COS Scientific	15-1/2		29,450
				500	Chock Full O Nuts	11		5,500
				266	Hamburger Hamlets	35-1/2		9,443
				Par value				
				$ 19,000	Teleprompter Corp., 5-1/2%, 1989	106		20,140
								66,866
				Shares				
Harold G. Lien	-	204,000	204,000	15,000	Canadian Javelin	13-5/8		204,375
Frank Martinez, Jr.	-	1,281,000	1,281,000	1,200	Alberto Culver	49-1/2		59,400
				900	Aurora Plastics	16		14,400
				2,700	Bermec Corp.	9-3/4		26,325
				3,080	Braniff Airways, A	14		43,120
				600	Bristol Myers	67		40,200
				250	Care Corp.	12-3/4		3,188
				300	Chadbourn Inc.	12-1/2		3,750
				2,887	City Investing	30		86,610
				800	Computer Communications	42		33,600
				1,017	Computer Technology	33-1/2		34,070
				800	Cutter Laboratories, A	25-1/4		20,200
				500	Electronic Computer Programming	11-1/2		5,750
				779	Equity Funding	62-1/4		48,493
				2,000	Four Seasons Nursing Centers	67-1/4		134,500
				133	GAW Land & Development	13-1/2		1,795
				1,600	Gould Inc.	35-1/4		56,400
				2,663	Gulf & Western Industries	21		55,923
				2,000	Gulton Industries	21-3/4		43,500
				1,700	Hartwell & Campbell Leverage Fund	12-1/4		20,825
				100	Leasco Data	24-1/2		2,450
				1,000	Leasco Data, warrants	11-1/2		11,500
				3,388	Ling Temco Vought, warrants	12		40,656
				500	Morse Electric	39-1/2		19,750
				1,818	National Car Rental	13-1/2		24,918
				3,135	National Car Rental, A	13-1/2		42,323
				4,067	Occidental Petroleum	26		105,742
				2,000	Raytheon Co.	38-3/4		100,750
				100	Realty Income Trust	15-1/4		1,525
				1,000	Sanders Associates	26-3/4		26,750

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Plaintiff's
Exh 190

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Shares	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others (Cont'd):								
William M. Lendman	$ 475	$ 66,525	$ 67,000	217	Blair Fund	$ 10-3/4		$ 2,333
				1,900	CGS Scientific	15-1/2		29,450
				500	Chock Full O Nuts	11		5,500
				266	Hamburger Hamlets	35-1/2		9,443
				Par value				
				$ 19,000	Teleprompter Corp., 5-1/2%, 1989	106		20,140
								66,866
				Shares				
Harold G. Lien	-	204,0[illegible]	204,000	15,000	Canadian Javelin	13-5/8		204,375
Frank Martinez, Jr.	-	1,281,000	1,281,000	1,200	Alberto Culver	49-1/2		59,400
				900	Aurora Plastics	16		14,400
				2,700	Bermec Corp.	9-3/4		26,325
				3,080	Braniff Airways, A	14		43,120
				600	Bristol Myers	67		40,200
				250	Care Corp.	12-3/4		3,188
				300	Chadbourn Inc.	12-1/2		3,750
				2,807	City Investing	30		86,610
				800	Computer Communications	42		33,600
				1,017	Computer Technology	33-1/2		34,070
				800	Cutler Laboratories, A	25-1/4		20,200
				500	Electronic Computer Programming	11-1/2		5,750
				779	Equity Funding	62-1/4		48,493
	63-1/2			2,000	Four Seasons Nursing Centers	67-1/4		134,500
		—		133	G&W Land & Development	13-1/2		1,796
		—		1,600	Gould Inc.	35-1/4		56,400
	[illegible]			2,663	Gulf & Western Industries	21		55,923
				2,000	Gulton Industries	21-3/4		43,500
	[illegible]			1,700	Hartwell & Campbell Leverage Fund	12-1/4		20,825
	[illegible]			100	Leasco Data	24-1/2		2,450
		—		1,000	Leasco Data, warrants	11-1/2		11,500
				3,388	Ling Temco Vought, warrants	12		40,656
				500	Morse Electric	39-1/2		19,750
				1,818	National Car Rental	13-1/2		24,918
				3,135	National Car Rental, A	13-1/2		42,320
				4,067	Occidental Petroleum	26		105,742
				2,600	Raythcon Co.	38-3/4		100,750
				100	Realty Income Trust	15-1/4		1,525
				1,000	Sanders Associates	26-3/4		26,750

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Plaintiffs
Exh. 190

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others (Cont'd):								
William M. Lendman	$ 475	$ 66,525	$ 67,000	217	Blair Fund	$ 10-3/4		$ 2,333
				1,200	CGS Scientific	15-1/2		20,400
				500	Chock Full O Nuts	11		5,500
				266	Hamburger Hamlets	35-1/2		9,443
				Par value				
				$ 19,000	Teleprompter Corp., 5-1/2%, 1989	106		20,140
								66,856
				Shares				
Harold G. Lien	-	204,000	204,000	15,000	Canadian Javelin	13-5/8		204,375
Frank Martinez, Jr.	-	1,281,000	1,281,000	1,200	Alberto Culver	49-1/2		59,400
				900	Aurora Plastics	16		14,400
				2,700	Bermec Corp.	9-3/4		26,325
				3,080	Braniff Airways, A	14		43,120
				600	Bristol Myers	67		40,200
				250	Care Corp.	12-3/4		3,188
				300	Chadbourn Inc.	12-1/2		3,750
				2,887	City Investing	30		86,610
				800	Computer Communications	42		33,600
				1,017	Computer Technology	33-1/2		34,070
				800	Cutler Laboratories, A	25-1/4		20,200
				500	Electronic Computer Programming	11-1/2		5,750
				779	Equity Funding	62-1/4		48,483
				2,000	Four Seasons Nursing Centers	67-1/4		134,500
				133	GAF Land & Development	13-1/2		1,796
				1,600	Gould Inc.	35-1/4		56,400
				2,663	Gulf & Western Industries	21		55,923
				2,000	Gulton Industries	21-3/4		43,500
				1,700	Hartwell & Campbell Leverage Fund	12-1/4		20,825
				100	Leasco Data	24-1/2		2,450
				1,000	Leasco Data, warrants	11-1/2		11,500
				3,382	Ling Temco Vought, warrants	12		40,656
				500	Morse Electric	30-1/2		15,750
				1,818	National Car Rental	13-1/2		24,918
				3,135	National Car Rental, A	13-1/2		42,323
				4,067	Occidental Petroleum	25		101,732
				2,600	Raytheon Co.	38-3/4		100,750
				100	Realty Income Trust	15-1/4		1,525
				1,096	Sanders Association	25-3/4		26,760

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Plaintiffs
Exh. 19C

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Shares	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others (Cont'd):								
Frank Martinez, Jr. (Cont'd)				1,000	Skamper Corp.	$ 12-1/2		$ 12,500
				1,900	Susquehanna Corp.	13		24,700
				900	Swank Inc.	16-3/4		15,075
				100	Sycor Inc.	26-1/2		2,650
				2,618	Teledyne Inc.	36-1/4		94,903
				600	Varo Inc.	23-3/4		14,250
				Par value				
				$ 10,000	CGS Scientific, 6%, 1984	91		9,100
								1,231,628
				Shares				
Anne S. Mitchell, 1 account	$ -	$ 243,000	$ 243,000	300	Addressograph Multigraph	79		23,700
				400	Amfac Inc.	54-1/2		21,800
				500	Barbara Lynn Stores	20		10,000
				500	Bendix Corp.	41-3/4		20,875
				309	Berkey Photo	18-1/2		5,717
				500	Budd Co.	19-1/2		9,750
				200	Computer Communications	42		8,400
				200	Fairchild Camera & Instrument	79		15,800
				500	Loews Theatres	30		15,000
				600	Phillips Petroleum	29-3/4		17,850
				800	Pitney Bowes	37-1/2		30,000
				500	Seaboard World Airlines	20		10,000
				300	Standard Oil - New Jersey	69-1/4		20,775
				100	Syntex Corp.	72-1/4		7,225
				400	Warner Lambert	65-1/2		26,200
								243,092
Anne S. Mitchell, 2 account	495	401,503	402,000	2,000	Jonathan Logan	52-3/4		105,500
				926	National Cash Register	139		128,714
				1,200	Standard Oil - Ohio	92-3/4		111,857
				1,926	Texaco Inc.	30-3/4		59,150
								405,221

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Plaintiff's
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BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
Demand notes of others (Cont'd):								
Stephen T. Monahan, 1 account - to be terminated March 31, 1970	$ 220	$ 53,780	$ 54,000	580	Boston Fund	$ 8-1/4		$ 4,785
				240	Eaton & Howard Balanced Fund	10-3/4		2,580
				325	Eaton & Howard Stock Fund	14-1/2		4,713
				1,635	Massachusetts Investors Fund, CBI	15-1/4		24,934
				207	One William Street Fund	16-1/4		3,364
				222	George Putnam Fund	14-1/4		3,164
				1,142	Putnam Investors Fund	7-1/4		8,280
				186	Wellington Fund	11-3/4		2,186
								54,006
				Par value				
Stephen T. Monahan, 1-M account - to be terminated March 31, 1970	-	39,000	39,000	$ 10,000	Dormitory Authority of New York, 3.40%, 1984	67	$ 6,700	
				20,000	Islip Brookhaven, New York, 3.40%, 1987	66	13,200	
				10,000	Port of New York Authority, 3-3/8%, 1996	62	6,200	
				20,000	Puerto Rico Water Resources, 3.55%, 1993	65	13,000	
							39,100	
				Shares				
Stephen T. Monahan, 2 account - to be terminated March 31, 1970	18	49,982	50,000	570	Axe Houghton Fund, A	7		3,990
				375	Commonwealth Investment	9-1/2		3,563
				1,582	Group Securities Common Stock Fund	13-1/4		20,962
				1,864	Wellington Fund	11-3/4		21,902
								50,417
Stephen Poch	244	79,756	80,000	75	Crown Zellerbach	36-1/2		2,738
				82	Curtis Wright	19-1/4		1,104
				100	Distillers Corp. - Seagram	48-1/4		4,825
				51	Dow Chemical	67		3,417
				50	Family Finance	20		1,000
				100	GAF Corp.	16-3/4		1,675
				51	W. R. Grace & Co.	28-1/2		1,454
				50	Hayden Publishing	7-1/2		375
				50	Helene Curtis Industries	13-1/2		675
				100	U.S. Steel	37		3,700

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART II

(f) Details of cash and securities pledged as collateral to demand notes contributed as capital

	Ledger balances Credit	Securities	Demand notes	Quantity Par value	Description	Price	Valuation - long: Exempted securities	Valuation - long: Other securities
and notes of others (Cont'd):								
Stephen Poch (Cont'd)				$ 65,000	Dade County, Fla., 5-1/2%, 2007	$ 87	$ 56,550	
				300	W.R. Grace & Co., 4-1/4%, 1990	63		$ 189
							56,550	23,462
				Shares				
David Ross - to be terminated January 31, 1970	$ 177	$ 196,823	$ 197,000	1,020	City Investing	30		30,600
				1,484	Eaton & Howard Special Fund	11-1/4		16,695
				1,834	Enterprise Fund	8-1/4		15,131
				10,000	Evans-Aristocrat Industries	9-5/8		96,250
				50	G & W Land & Development	13-1/2		675
				1,000	Gulf & Western Industries	21		21,000
				794	TMR Appreciation Fund	21		16,674
								197,025
Ralph Snyder	2	43,998	44,000	600	General Motors	74-1/4		44,550
Vernon A. Stockwell	345	152,655	153,000	4,600	City Investing	30		138,000
				1,000	Servotronics Inc.	14-3/4		14,750
								152,750
Rolland D. Thompson	-	649,000	649,000	22,900	Textron Inc., $1.40 conv. pfd.	28-3/8		649,745
Marguerite R. Warfield - to be terminated March 31, 1970	800	108,200	109,000	200	American Brands	34-1/4		6,850
				200	American Investment	17		3,400
				50	American Telephone & Telegraph	51-1/2		2,575
				200	Armco Steel	27-1/2		5,500
				250	Columbia Gas	25-3/4		6,438
				100	Consolidated Edison	26		2,600
				400	General Motors	74-1/4		29,700
				100	National Fuel Gas	24		2,400
				600	Niagara Mohawk Power	16-1/2		9,900
				200	Standard Oil - New Jersey	69-1/4		13,850
				200	Union Pacific Railroad	46-1/4		9,250
				Par value				
				$ 16,000	Southern New England Telephone, 7-3/4%, 2004	99		15,840
								108,200
	$45,319	$7,945,401	$7,991,000				$209,650	$7,590,274

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Plaintiffs' Exhibit 19C

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N. Y. 10017

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

The accompanying Combining Answers to Financial Questionnaire of Blair & Co., Inc. at September 26, 1969 has been prepared on the following basis:

(1) We have examined the Answers to Financial Questionnaire of Blair Division of Blair & Co., Inc. and have reported separately thereon under the date of December 5, 1969. The scope of our examination was limited to the books and records of Blair Division and our opinion was qualified with respect to the possible effects of this limitation and of the liabilities and accountabilities of Blair & Co., Inc. as a whole on the financial condition of its Blair Division.

(2) The data presented therein for Schwabacher Division was prepared and classified by the Company. We have performed no audit verification or review procedures of the data and therefore express no opinion thereon.

We did, however, examine the Answers to Financial Questionnaire of Schwabacher Division at June 27, 1969 and reported thereon under the date of August 15, 1969. The scope of that examination was limited to the books and records of Schwabacher Division and our opinion was qualified with respect to the possible effects of this limitation and of the liabilities and accountabilities of Blair & Co., Inc. as a whole on the financial condition of its Schwabacher Division at June 27, 1969.

(3) We have reviewed the combining adjustments based on the amounts reflected in the books and records of Blair Division and the compilation of the Combining Answers to Financial Questionnaire.

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Plaintiffs' Exhibit 19C

Inasmuch as we did not make an examination in accordance with generally accepted auditing standards of the Combining Answers to Financial Questionnaire of Blair & Co., Inc. at September 26, 1969, we are unable to express an opinion thereon. It is our opinion, however, that the Combining Answers has been properly compiled.

Arthur Young & Company

December 5, 1969

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Plaintiff's Exh. 19 D

Report by Arthur Young to Blair & Co
on Combining Answers of Blair & Co
as of September 26, 1969
Dated December 5, 1969

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969
(Unaudited)

Question	Blair Division ledger balances		Schwabacher Division ledger balances		Combining adjustments ledger balances		Combined			
							Ledger balances		Security valuations	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Long	Short
1. Cash balances and other deposits:										
Cash on hand and in banks:										
Free balances	$ 1,460,291		$ 1,965,231				$ 3,425,522			
Segregated commodity funds			10,582				10,582			
Certifications to clearing organizations	151,000		31,000				182,000			
Good faith deposits	107,710						107,710			
Certificates of deposit	1,400,000						1,400,000			
2. Money borrowed and accounts carried for respondent by other banking or brokerage houses, secured by or containing customers' collateral:										
A. Money borrowed:										
1. From banks, trust companies and other financial institutions:										
Collateralized by other securities		$18,000,000		$22,744,000				$ 40,744,000		
B. Accounts carried by other banking or brokerage houses (omnibus accounts):										
1. Securities accounts:										
a. Accounts with net debit balances			43,196				43,196			
2. Commodities accounts:										
a. Regulated commodities futures accounts:										
(1) Accounts liquidating to a deficit (Loss $8,682)			73,373				73,373			
b. Non-regulated commodities futures accounts:										
(1) Accounts liquidating to a deficit (Losses $2,913)			71,171				71,171			
3. Money borrowed, and accounts carried for respondent by other banking or brokerage houses, unsecured, or secured entirely by collateral owned by respondent or its officers and directors or by securities covered by "satisfactory subordination agreements":										
A. Money borrowed:										
1. From banks, trust companies and other financial institutions		1,300,000		123,000				1,423,000		

The accompanying notes...

E149 Plaintiff's Exhibit 149

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 28, 1969
(Unaudited)

Item	Blair Division ledger balances		Schwabacher Division ledger balances		Combining adjustments ledger balances		Combined			
							Ledger balances		Quantity valuations	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Long	Short
4. Other open items with brokers and dealers:										
A Securities borrowed:										
1 Inter-division			$ 34,100			$ 34,100				
2 Others	$ 763,650		319,722				$ 1,083,372			
B Securities failed to deliver:										
1. Inter-division	1,325,353		86,524			1,411,877				
2. Others										
Transactions outstanding:										
Less than 30 days	5,726,514		3,679,618				9,606,132			
30-34 days	334,697		78,926				413,623			
40-44 days	104,038		48,817				152,855			
45-59 days	65,342		105,561				200,903			
60 days and over	298,036		184,424				482,460			
C Securities loaned:										
1. Inter-Division		$ 34,100			$ 34,100					
2 Others		1,508,550						$ 1,508,550		
D Securities failed to receive:										
1. Inter-division		86,524		$ 1,325,353	1,411,877					
2. Others										
Transactions outstanding:										
Less than 30 days		5,986,309		4,277,527				10,266,126		
30 days and over		190,936		342,716				533,652		
Securities delivered against payment	47,379						47,379			
6 Customers' security accounts										
A. and B. Bona fide cash and secured accounts	34,504,085	3,667,897	28,426,668	7,170,691			62,930,768	10,838,588		
Secured joint account in which respondent has a 25% interest		404,955						404,955		
C. Partly secured accounts	48,370	7,561					48,370	7,561	$ 78,105(1)	$ 172,847(1)
										(152,477(1)
D. Unsecured accounts ((1) $172,150 (2) $51,200)	151,560		58,405				209,965			(14,766(2)
F. Accounts with free credit balances		7,987,260		6,199,468				14,186,728		

See accompanying notes.

E150 Plaintiff's Exhibit 19D

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

(Unaudited)

Section	Blair Division ledger balances		Schwabacher Division ledger balances		Combining adjustments ledger balances		Combined			
							Ledger balances		Security valuations	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Long	Short
7. Customers' commodity accounts:										
A. Accounts with open future contracts liquidating to an equity:			$ 373	$ 61,693			$ 373	$ 61,693		
1. Regulated commodities (Losses $6,663)			1,938	29,785			1,938	29,785		
2. Non-regulated commodities (Gains $2,913)			68,001				68,001			
B. Unsecured debit balances										
E. Accounts with free credit balances:										
1. Regulated commodities				587				587		
2. Non-regulated commodities				8,415				8,415		
8. Accounts of officers and directors:										
A. and B. Debit file cash and secured accounts	$ 65,327	$ 96,651	5,932				71,259	96,651		
C. Unsecured accounts	185,144						185,144			
F. Accounts with free credit balances		33,098		3,430				36,528		
10. Trading and investment accounts of respondent:										
A. Securities accounts:										
Ledger balances	5,038,439		1,268,132				6,306,551			
1. Exempted securities									$ 2,690,706(3)	$ 8,950(1)
									720 x 70(3)	
2. Other securities									1,716,246(1)	66,070(1)
									534,237(3)	194,372(2)
Conversion account	67,400						67,400		30,100(1)	
C. Other securities accounts:										
Ledger balances			598,706				598,706			
1. Exempted securities									11,583x2,	10,301(2)
2. Other securities									1,247,23.(2)	503,005(2)
11. Capital accounts:										
C. Corporation:										
1. $20 Class A voting cumulative preferred stock, $1 par value, liquidating value $500:										
a. Authorized 700 shares										
b. Issued 764 shares		334						284		

See accompanying notes.

E151 Plaintiffs Exhibit 19D

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 30, 1969

(Unaudited)

Action	Blair Division ledger balances		Schwabacher Division ledger balances		Combining adjustments ledger balances		Combined			
							Ledger balances		Security valuations	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Long	Short
11. Capital accounts (Cont'd):										
C. Corporation (Cont'd):										
1. $30 Class B voting cumulative preferred stock, $1 par value, liquidating value $500:										
a. Authorized 530 shares										
b. Issued 530 shares		$ -						$ -		
$6 cumulative preferred stock, $100 par value:										
a. Authorized 20,000 shares										
b. Issued 4,322 shares										
c. Treasury stock 3 shares	$ 700	432,200					$ 700	432,200		
$4 cumulative preferred stock, $10 par value:										
a. Authorized 100,000 shares										
b. Issued 53,340 shares		453,400						453,400		
c. Treasury stock 654 shares	66,400						66,400			
Voting common stock, $1 par value:										
a. Authorized 200,000 shares										
b. Issued 118,654 shares		118,654						118,654		
c. Treasury stock 1,230 shares	29,397						29,397			
Non-voting common stock, $1 par value:										
a. Authorized 200,000 shares										
b. Issued 88,719 shares		88,719						88,719		
c. Treasury stock 20 shares	254						254			
Capital stock subscribed $1,100,000	-	-								
Subscriptions receivable 1,039,600		60,400						60,400		
2. Capital surplus		6,889,390						6,889,390		
3. Earned surplus or deficit, including balances relating to income and reserves accounts	3,567,939		$ 2,639,751				6,207,690			
4. Demand notes contributed as capital by officers, directors and others (contra see Question 13)		9,696,000		$12,332,000				22,022,000		

See accompanying notes.

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E152 Plaintiff's Exhibit 19D

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969
(Unaudited)

Question	Blair Division ledger balances		Schwabacher Division ledger balances		Combining adjustments ledger balances		Combined			
							Ledger balances		Security valuations	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Long	Short
2. Subordinated accounts and borrowings:										
A. Subordinated accounts:										
Account of an officer-director and accounts of others:										
Ledger balances		$ 546						$ 546		
Exempted securities									$ 23,800(2)	
Other securities									221,515(1)	
									764,302(2)	
B. Other subordinated borrowings:										
Registered subordinated debenture notes, interest, at prime rate in New York City plus 2% contingent interest but not less than 5%, owned by officers and/or directors and others, which are subordinated to claims of general creditors		2,713,000						2,713,000		
5% registered subordinated debenture notes, owned by others, which are subordinated to claims of general creditors		230,000						230,000		
6% registered subordinated notes owned by an officer and others due August 1, 1973, which are subordinated to claims of general creditors		26,000						26,000		
3. Other accounts:										
Exchange memberships, at cost (market value $1,776,950)	$ 801,327		$ 933,825				$ 1,734,652			
Secured demand notes: collateralized by cash and securities (contra see Question 11):	9,690,000		13,332,000				23,022,000			
Ledger balances		72,018		$ 235,612				307,631		
Exempted securities									(832,750(1)	
									(431,559(2)	
Other securities									(8,901,149(1)	
Furniture, fixtures and leasehold improvements (less depreciation and amortization)	1,529,223		1,066,419				2,595,638		(11,654,109(2)	

See accompanying notes.

E 153 Plaintiff's Exh. 19 D

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 20, 1969
(Unaudited)

tion	Blair Division ledger balances		Schwabacher Division ledger balances		Combining adjustments ledger balances		Combined			
							Ledger balances		Security valuations	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Long	Short
3. Other accounts (Cont'd):										
Floor brokerage receivable - current	$ 4,233						$ 4,233			
Accrued commissions receivable on customers' cash and secured accounts - current	261,975						261,975			
Accrued interest receivable on customers' secured accounts - current	48,293						48,293			
Accrued interest on securities owned by partners	60,972		$ 7,594				68,566			
Group insurance refund (current collected October 10, 1969)	46,157						46,167			
Syndicate profits and expenses receivable	112,709		10,777				123,486			
Prepaid expenses and deferred charges	109,608		230,314				339,922			
Loans and advances to employees	133,036						133,936			
Inter-division account	3,405,524			$ 3,405,524						
Miscellaneous receivables	15,271		388,483				403,754			
Reorganization expenses, being amortized	87,767						87,767			
Schabacher-Rafferty & Co. (wholly-owned subsidiary)			269,848				269,848			
Other assets			90,000				90,000			
Dividend and interest receivable, payable and unclaimed ($148,690 of short dividend collections received in by October 5, 1969)	220,305	$ 477,048	377,292	221,190			597,597	$ 698,238	{$ 1,429,092(1) 508,317(2)	{$ 734,406(1) 813,212(2)
Commissions payable to brokers for current floor brokerage		42,750						42,750		
Accrued salaries and salesmen's commissions		611,003						611,003		
Accrued syndicate payables and expenses		205,362		2,189				207,551		
Federal, county, income and other taxes payable and accrued		309,002						309,002		
Accounts payable and accrued expenses		340,737		1,576,056				1,916,793		
Due from partners of company acquired			4,055,691				4,055,691			
Other security positions									{2,420,732(1) 545,894(2)	{2,406,976(1) 490,420(2)
	$62,666,705	$62,666,705	$53,761,214	$38,761,214	$1,445,977	$1,445,977	$116,976,418	$116,976,418		

(1) Blair Division
(2) Schwabacher Division

See accompanying notes.

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Plaintiffs' Exhibit 19D

BLAIR & CO., INC.

COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

(Unaudited)

NOTES TO COMBINING ANSWERS TO FINANCIAL QUESTIONNAIRE

Reference is made to Answers to Financial Questionnaire, Blair Division of Blair & Co., Inc. and to Answers to Special Financial Questionnaire, Schwabacher Division of Blair & Co., Inc., both as of September 26, 1969, for details and explanatory information including that relating to the ledger balances and security valuations presented herein.

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PLAINTIFFS' EXHIBIT 19E

REPORT BY ARTHUR YOUNG TO BLAIR & CO. ON PART I OF BLAIR DIVISION AUDITED FINANCIAL QUESTIONNAIRE AS OF SEPTEMBER 26, 1969 DATED DECEMBER 5, 1969

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N Y 10017

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

We have examined the accompanying Answers to Financial Questionnaire (Part I) of Blair Division of Blair & Co., Inc. at September 26, 1969. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Our examination included a review of the accounting system, the internal accounting control and procedures for safeguarding securities, including appropriate tests thereof for the period since our last examination at May 31, 1968 (prior to the acquisition of Schwabacher & Co., now Schwabacher Division of Blair & Co., Inc.), and the other auditing procedures prescribed by the New York Stock Exchange and by the Securities and Exchange Commission. Comments relative to inadequacies in the accounting system, the internal accounting control and procedures for safeguarding securities are set forth in certified public accountants' supplementary report included with Part II of Answers to Financial Questionnaire.

Our examination was restricted solely to financial data contained in the books and records of Blair Division of Blair & Co., Inc. and did not include a determination as to whether or not there were financial transactions recorded in the other books and records of Blair & Co., Inc. which affected its Blair Division. However, the inter-division (Questions 4 and 13), capital (Question 11) and subordinated accounts (Question 12), in the

accompanying Answers to Financial Questionnaire (Part I), which we did not verify in accordance with generally accepted auditing standards, were agreed to the applicable data (unaudited) in the other books and records of Blair & Co., Inc. at September 26, 1969.

In our opinion, except for such adjustments, if any, as may have resulted without the limitation of our examination, described above, and subject to the possible effect of the liabilities and accountabilities of Blair & Co., Inc. as a whole on the financial condition of its Blair Division, the Answers to Financial Questionnaire (Part I) mentioned above presents fairly the financial position of Blair Division of Blair & Co., Inc. at September 26, 1969 in the form required by the New York Stock Exchange and by the Securities and Exchange Commission, in conformity with generally accepted accounting principles.

Arthur Young & Company

December 5, 1969

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

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Plaintiff's
Exh 19E

PART I

Question	Ledger balances		Security valuations	
	Debit	Credit	Long	Short
1. Bank balances and other deposits:				
Cash on hand	$ 6,800			
Cash in banks	1,453,491			
Certificates of deposit, renewable monthly	1,400,000			
Contributions to clearing organizations	151,000			
Good faith deposits	107,710			
2. Money borrowed and accounts carried for respondent by other banking or brokerage houses, secured by or containing customers' collateral:				
A. Money borrowed:				
1. From banks, trust companies and other financial institutions:				
Collateralized by other securities		$18,000,000		$ 21,532,903
3. Money borrowed and accounts carried for respondent by other banking or brokerage houses, unsecured, or secured entirely by collateral owned by respondent or its officers and directors, or by securities covered by "Satisfactory Subordination Agreements":				
A. Money borrowed:				
1. From banks, trust companies and other financial institutions		1,300,000		6,568,179
4. Other open items with brokers and dealers:				
A. Securities borrowed	763,650		$ 723,721	
B. Securities failed to deliver:				
Transactions outstanding:				
Less than 30 days	5,726,514		5,535,578	
30-39 days	334,697		332,672	
40-49 days	101,008		98,664	
50-59 days	95,342		92,658	
60 days and over	298,036		265,321	
Schwabacher Division of Blair & Co., Inc.	1,325,353		1,329,508	

See accompanying notes.

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 30, 1960

PART I

Question	Ledger balances		Security valuations	
	Debit	Credit	Long	Short
4. Other open items with brokers and dealers (Cont'd):				
C. Securities loaned:				
1. Customers' securities		$ 1,506,550		$ 1,428,430
Schwabacher Division of Blair & Co., Inc.		34,100		34,000
D. Securities failed to receive:				
1. For customers:				
Transactions outstanding less than 30 days		5,966,590		5,782,745
Transactions outstanding 30 days or longer		190,935		137,840
Schwabacher Division of Blair & Co., Inc.		26,524		27,357
Securities delivered against payment (see details at end of Part I)	$ 47,579			
5. Valuations of securities and spot (cash) commodities in box, transfer and transit:				
A. Negotiable securities in box, transfer and transit between offices of respondent				58,620,475
6. Customers' security accounts:				
A. Bona fide cash accounts:				
1. Accounts with debit balances	7,367,225		$ 7,530,700	230,704
2. Accounts with credit balances		1,420,022	503,162	1,889,027
B. Secured accounts:				
1. Accounts with debit balances	17,136,873		35,670,028	1,903,150
2. Accounts with credit balances		2,213,157	3,661,344	1,921,415
Secured joint account in which respondent has a 25% interest		404,905		404,100
C. Partly secured accounts:				
1. Accounts with debit balances	48,370		66,681	126,883
2. Accounts with credit balances		7,561	11,224	45,904
D. Unsecured accounts (less reserve of $172,100)	151,560			152,477
E. Accounts with credit balances having open contractual commitments		34,718	177,036	
F. Accounts with free credit balances		7,987,260		

E158 Plaintiff's Exhibit 19E

See accompanying notes.

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Question	Ledger balances Debit	Ledger balances Credit	Security valuations Long	Security valuations Short
6. Customers' security accounts (Cont'd):				
G. Fully paid securities not segregated			$ 29,389,250	
8. Accounts of officers and directors:				
A. Officers:				
B. Secured accounts:				
1. Accounts with debit balances	$ 65,327		109,633	$ 4,650
2. Accounts with credit balances		$ 96,651		60,552
D. Unsecured accounts	185,144			
F. Accounts with free credit balances		33,098		
G. Fully paid securities not segregated			22,344	

Fully paid securities not segregated were located as follows (locations designated by priority oriented computer program):

Failed to receive	$ 3,109,132
Transfer	14,749,936
Box	3,530,295
Bank loans	5,457,268
Stocks loaned	613,388
Dividend accounts	179,080
Customers' accounts	591,607
Firm trading accounts	30,715
Other security positions	1,121,409
	$29,389,250

The respondent reports, based upon a review of the items, that these securities were in the process of being sold, delivered or ordered into segregation subsequent to September 26, 1969.

Fully paid securities not segregated were located as follows:

Failed to receive	$ 4,672
Transfer	14,772
Box	2,900
	$22,344

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See accompanying notes.

Plaintiff's Exh. 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Question		Ledger balances Debit	Ledger balances Credit	Security valuations Long	Security valuations Short
10. Trading and investment accounts of respondent:					
A. Securities accounts:					
Ledger balances		$ 5,038,429			
1. Exempted securities				$ 2,690,300	$ 8,500
2. Other securities				1,716,246	166,070
Conversion account		67,400		30,100	
11. Capital accounts:					
C. Corporation (Note 5)					
1. $20 Class A voting cumulative preferred stock, $1 par value, liquidating value $500:					
a. Authorized - 700 shares					
b. Issued - 264 shares			$ 264		
$20 Class B voting cumulative preferred stock, $1 par value, liquidating value $500 (Note 3):					
a. Authorized - 530 shares					
b. Issued - 530 shares			-		
$6 cumulative preferred stock, $100 par value:					
a. Authorized - 20,000 shares					
b. Issued - 4,322 shares			432,200		
c. Treasury stock - 7 shares		700			
$4 cumulative preferred stock, $10 par value:					
a. Authorized - 100,000 shares					
b. Issued - 45,340 shares			453,400		
c. Treasury stock - 664 shares		66,400			
Voting common stock, $1 par value:					
a. Authorized - 300,000 shares					
b. Issued - 118,684 shares			118,684		
c. Treasury stock - 4,230 shares		29,597			
Non-voting common stock, $1 par value:					
a. Authorized - 200,000 shares					
b. Issued - 88,719 shares			88,719		
c. Treasury stock - 20 shares		254			
Capital stock subscribed	$ 1,100,000	-	-		
Subscriptions receivable	(1,039,600) (Note 4)		60,400		
2. Capital surplus			6,589,390		
3. Earned surplus or deficit, including balances remaining in income and expense accounts		3,567,939			
4. Demand notes contributed as capital by officers, directors and others (contra see Question 13)			9,690,000		

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See accompanying notes.

Plaintiffs Exh 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Question	Ledger balances Debit	Ledger balances Credit	Security valuations Long	Security valuations Short
12. Subordinated accounts and borrowings:				
A. Subordinated accounts:				
Account of an officer-director and accounts of others:				
Ledger balances		$ 546		
Other securities			$ 221,519	
B. Other subordinated borrowings (Note 5):				
Registered subordinated debenture notes, interest at prime rate in New York City plus 2% contingent interest but not less than 6%, owned by officers and/or directors and others, which are subordinated to claims of general creditors		2,713,000		
8% registered subordinated debenture notes, owned by others, which are subordinated to claims of general creditors		230,000		
6% registered subordinated notes owned by an officer and others, due August 1, 1973, which are subordinated to claims of general creditors		26,000		
13. Other accounts, etc.:				
Demand notes - collateralized by cash and securities (contra see Question 11.C.4.)	$ 9,690,000			
Ledger balances		72,019		
Exempted securities			652,750	
Other securities			8,981,149	
Exchange memberships (market value $985,000)	801,227			
Furniture, fixtures and equipment (less depreciation)	297,957			
Improvements to leased premises (less amortization)	1,231,263			
Floor brokerage receivable - current	4,233			
Accrued commissions receivable on customers' cash and secured accounts - current	261,975			
Accrued interest receivable on customers' secured accounts - current	48,293			
Accrued interest on securities owned by respondent	60,972			
Group insurance refund (current, collected October 10, 1969)	46,107			
Syndicate profits and expenses receivable	112,700			
Prepaid expenses and deferred charges	109,605			

See accompanying notes.

E161 Plaintiff's Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Question	Ledger balances		Security valuations	
	Debit	Credit	Long	Short
13. Other accounts, etc. (Cont'd):				
Loans and advances to employees	$ 133,936			
Miscellaneous receivables	15,271			
Reorganization expenses, being amortized	87,767			
Due from Schwabacher Division of Blair & Co., Inc. (see offsetting credit in Question 13 in Answers to Special Financial Questionnaire at September 26, 1969 filed separately by Schwabacher Division of Blair & Co., Inc.)	3,405,524			
Dividends and interest receivable, payable and unclaimed ($148,000 of short dividend valuations received in by October 5, 1969)	220,305	$ 477,048	$ 1,429,092	$ 734,406
Commissions payable to brokers for current floor brokerage		42,750		
Accrued salaries and salesmen's commissions		611,003		
Accrued syndicate payables and expenses		205,382		
Accrued and withheld taxes:				
Income taxes withheld from employees		153,494		
Income taxes withheld from aliens		3,409		
Social security taxes		46,506		
State and local taxes		105,593		
Accounts payable and accrued expenses		640,737		
Other security positions (Note 2)			2,420,732	2,404,974
	$62,066,705	$62,066,705	$103,662,042	$103,662,042

See accompanying notes.

E 162 Plaintiff's Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1959

PART I

Question

14. Contractual commitments that are not recorded in a ledger account for money:

A. Respondent:

Description	Purchased		Sold		Net position - long		
	Par value	Cost	Par value	Proceeds	Par value	Price	Valuation
When issued contracts:							
Exempted securities (Note):							
Adams, Mass., 6.60%, 1974	$ 15,000	$ 15,000			$15,000	$ 100	$ 15,000
Baltimore, Md., 5% - 6-1/4%, various	120,000	120,000	$120,000	$ 120,000			
East Bridgewater, Mass., 6.10%, 1972	10,000	10,000	10,000	10,000			
Houlton, Me., 6-3/4%, various	25,000	25,000	25,000	25,000			
Houston, Tex., 6-1/2%, 1994	75,000	75,000	75,000	75,000			
Kinnelon, N. J., 6-7/8%, 1989	5,000	5,000	5,000	5,000			
Northborough, Mass., 6.60%, 1987	10,000	10,000	10,000	10,000			
Oregon, 6.70%, 1984	40,000	40,000	40,000	40,000			
Pittsfield, Mass., 6%, 1977	10,000	10,000	10,000	10,000			
Pomfret, N. Y. 6.60%, various	45,000	45,000	45,000	45,000			
St. Louis, Mo., 5.90%, 1974	75,000	75,000	75,000	75,000			
San Jose, Calif., 6%, various	425,000	425,000	260,000	260,000	165,000	100	165,000
San Mateo, Calif., 6%, various	30,000	30,000	30,000	30,000			
Washington, N. J., 6-1/4%, 1972	5,000	5,000	5,000	5,000			
Total - exempted securities		$ 890,000		$ 710,000			$180,000

See accompanying notes.

E163 Plaintiff's Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Question No. 14. Contractual commitments that are not recorded in a ledger account for money:

A. Respondent (Cont'd):

Description	Purchased Par value	Purchased Cost	Net position - long Par value	Price	Valuation	Good faith deposit	Deposited with
Underwriting commitments:							
Participation in underwriting syndicates representing respondent's proportionate liability for unsold securities remaining at September 26, 1969:							
Exempted securities (Note):							
California, 3-3/4% - 4-7/8%, various	$ 25,000	$ 25,000	$ 25,000	$100	$ 25,000		
Marshfield, Mass., 6.40%, various	210,000	210,000	210,000	100	210,000		
Redwood City, Calif., 6%, various	241,000	241,000	241,000	100	241,000		
Total - exempted securities		$476,000			$476,000		
Underwriting commitments in process of settlement:							
Camden, N.Y.						$ 9,600	Marine Trust Company of Western New York
Clark County, Nev.						10,100	Merrill, Lynch, Pierce, Fenner & Smith
Connecticut						6,200	Lehman Bros.
Los Angeles, Calif.						13,800	Drexel, Harriman, Ripley
New Castle, Pennsylvania						1,000	McKelvy & Co.
New York State Housing						5,250	Kidder, Peabody & Co.
Orange County, N. Y.						9,800	Marine Trust Company of Western New York
Oregon						8,400	Bankers Trust
Pennsylvania						23,260	Chase Manhattan Bank
Pomfret, N. Y.						6,700	Marine Trust Company of Western New York
Springfield, Pennsylvania						3,100	Kidder, Peabody & Co.
Wisconsin						10,500	Blyth & Co.
						$107,710	

Note: The cost and market for exempted securities which are sold on a yield basis approximate and are shown here at the principal amount of the bonds.

See accompanying notes.

E164 Plaintiff's Exhibit 19E

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Plaintiffs' Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Question

16. Unrecorded assets, liabilities and accountabilities:

A. There are several lawsuits pending against the Respondent which, in the opinion of Respondent's management and legal counsel, are without merit; and others, which if decided adversely, would be covered by insurance or have no material effect on the capital of Respondent.

B. Dividends on Respondent's cumulative preferred stock (approximately $110,000), due on November 1, 1969, were not declared.

C. In the opinion of Respondent's management, available net operating losses will offset adjustments to prior years Federal income taxes proposed by the Internal Revenue Service. In addition, a portion of the net operating loss will be available as a carryover to future taxable years.

D. Drafts with securities attached deposited for collection and immediate credit, $411,218 at September 26, 1969, were all subsequently collected.

E. Respondent has leases covering premises and certain facilities, expiring at various times through 1982.

F. Reference is made to Certified Public Accountants' Supplementary Report included with Part II of these Answers, regarding material inadequacies in Respondent's accounting system, internal accounting control and procedures for safeguarding securities.

See accompanying notes.

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Plaintiffs' Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

NOTES TO ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Note 1:

The accompanying Answers to Financial Questionnaire were prepared as of September 26, 1969. The money balances and security valuations presented therein reflect adjustments initiated in the course of, or in connection with the certified public accountants' examination, which were processed by Respondent in the ordinary course of business subsequent to September 26, 1969.

Note 2:

Reference is made to Question 13, "Other security positions". The valuations shown therein represent (1) with respect to the long valuation ($2,420,732), securities for which ownership is in the process of determination preliminary to appropriate disposition and (2) with respect to short valuation ($2,404,974), securities whose physical location is in process of determination preliminary to appropriate disposition. In computing financial position for net capital purposes no credit has been taken for the value of the securities for which ownership is in the process of determination and no charge has been made for the value of the securities whose physical location is in process of determination.

A net debit ledger balance relating to security positions which were "unallocated" at various times during the period but which were cleared by adjustment or other disposition as well as certain other ledger balances arising from D.K. Fails, etc., has been charged off to profit and loss. Inasmuch as Respondent is continuing to research all of these items, certain potential for recovery exists.

Note 3:

$20. Class B voting cumulative preferred stock (Question 11.C.1.) was authorized and issued under terms of Agreement and Plan of reorganization between Blair & Co., Inc., and P. W. Brooks & Co., Incorporated. These shares are being held by a bank under an escrow agreement. The consideration, if any, for the issuance of the 550 shares of this stock will be determined if and when certain loss carryovers are utilized for federal income tax purposes.

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Plaintiffs' Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

NOTES TO ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Note 4:

Payments of $60,400 (Question 11.C.1.) have been received on subscriptions to purchase 6,516 shares of $4 cumulative preferred, 16,048 shares of voting common stock and 10,016 shares of non-voting common stock aggregating $1,100,000 at subscription prices. The subscriptions are receivable within ten years of the subscription dates (January 1968 through April 1969). Subscriptions aggregating approximately $72,000 were cancelled subsequent to September 26, 1969.

Note 5:

The New York Stock Exchange has approved Respondent's plan for obtaining additional capital, aggregating up to $5,500,000, to be composed of subordinated secured demand notes and convertible subordinated debenture notes. In connection therewith, $250,000 par value of the debentures were issued for cash subsequent to September 26, 1969.

Subordinated borrowings, Question 12.B., in the accompanying Answers to Financial Questionnaire, includes $1,400,000 of registered subordinated debenture notes repaid in November 1969 and $250,000 to be repaid by April 1970. Of the secured demand notes contributed as capital, Question 11.C.4., $881,000 will be withdrawn at various dates through April 1970.

In addition, Respondent has redeemed certain of its capital stock for approximately $85,000 of which $45,000 was transferred to secured demand notes. Effective October 31, 1969, Respondent's capital shares are to be redeemed in 8% subordinated notes in accordance with a plan which has been filed for approval with the New York Stock Exchange. Notes aggregating approximately $1,000,000, due in October and November 1970, have been or are in the process of being issued in connection with redemptions since October 31, 1969.

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Plaintiffs' Exhibit 19E

BLAIR DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

September 26, 1969

PART I

Details of securities delivered against payment as reported in answer to Question 4. of Part I

Date securities mailed	Mailed to	Amount	Date collected
Sept. 9,1969	Bateman, Eichler & Co.	$ 825	Sept.29,1969
Sept.11,1969	Goss, Rehart & Co.	1,675	Sept.29,1969
Sept.11,1969	Robert Green & Co.	2,437	Oct. 1,1969
Sept.15,1969	Grimes, Hopper & Messer	1,850	Oct. 2,1969
Sept.16,1969	Jones, Rensburg & Co.	413	Sept.30,1969
Sept.17,1969	G.T. Bratter Investors	2,775	Oct. 1,1969
Sept.17,1969	Hensberry & Co.	375	Sept.29,1969
Sept.17,1969	Jones, Rensburg & Co.	1,075	Sept.30,1969
Sept.18,1969	Jones, Rensburg & Co.	225	Oct. 2,1969
Sept.18,1969	P.N. McIntyre & Co.	2,950	Oct. 1,1969
Sept.19,1969	G.T. Bratter Investors	181	Oct. 15,1969
Sept.19,1969	Robert Green & Co.	1,800	Oct. 1,1969
Sept.19,1969	P.N. McIntyre & Co.	709	Oct. 2,1969
Sept.19,1969	P.R. Peterson & Co.	225	Oct. 2,1969
Sept.22,1969	Goss, Rehart & Co.	9,000	Oct. 2,1969
Sept.22,1969	Rotan, Mosle & Co.	395	Sept.29,1969
Sept.22,1969	Warren York & Co.	3,925	Sept.30,1969
Sept.23,1969	J.C. Bradford & Co.	906	Sept.29,1969
Sept.23,1969	Robert Green & Co.	650	Oct. 7,1969
Sept.23,1969	Dennis Macauley & Co.	1,200	Oct. 2,1969
Sept.23,1969	J B. Maguire & Co.	488	Oct. 2,1969
Sept.23,1969	J.J. Stevens & Co.	1,700	Sept.30,1969
Sept.23,1969	Young, Smith & Peacock Inc.	800	Oct. 1,1969
Sept.24,1969	Burns, Stix & Friedman	400	Oct. 1,1969
Sept.24,1969	Coburn, Libby & Co.	950	Sept.29,1969
Sept.24,1969	R.G. Dickenson & Co.	750	Oct. 1,1969
Sept.24,1969	General Bond & Share	300	Oct. 12,1969
Sept.24,1969	D. Mahony & Co.	800	Oct. 2,1969
Sept.24,1969	Parker, Wehenborn, Inc.	550	Oct. 2,1969
Sept.24,1969	Patterson Securities Corp.	2,100	Oct. 2,1969
Sept.24,1969	Weber, Hall, Cobb & Caudle Inc.	950	Oct. 1,1969
Sept.24,1969	Warren York & Co.	4,200	Oct. 1,1969
		$47,579	

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PLAINTIFFS' EXHIBIT 19G

LETTER FROM RAMSEY TO STOCK, FEBRUARY 26, 1970

BLAIR & CO., INC.
20 BROAD STREET
NEW YORK, N.Y. 10005

JAMES B. RAMSEY, JR.
PRESIDENT
CHIEF EXECUTIVE OFFICER

TELEPHONE
344-4000

February 26, 1970

Mr. Fred J. Stock, Jr., Assistant
Vice President
New York Stock Exchange
Department of Member Firms
4 New York Plaza
New York, New York 10054

FEB 27 1970

Dear Mr. Stock:

This will confirm our discussion yesterday in regard to the action taken by Blair & Co., Inc. in order to improve its net capital position. I stated that the following steps had been taken or are being taken:

1) Melville H. Ireland, one of our Directors, has contributed on a secured demand note basis, securities having a net capital value under Rule 325 of at least $1,400,000. With your approval, this capital was made withdrawable after sixty days.

2) Mr. John P. Foley, Jr. has agreed to contribute a secured demand note with collateral having a net capital value of approximately $2,500,000. He will be granted options to purchase non-voting stock of Blair & Co., Inc. and of Capital Management Corporation, a Rule 321 affiliate of Blair. The securities optioned represent approximately 8% participations of the equity in Blair and in the affiliate. The option prices are substantially higher than present book values.

We expect to sign agreements and other documents with Mr. Foley in the next day or two. Also, he will submit a long form application to the Exchange for approval as a holder of non-voting stock and as a subordinated lender.

E 170

Plaintiffs' Exhibit 19G

You indicated that you would permit Mr. Foley's subordinated loan to be treated as capital immediately pending final approval of his application to the Exchange.

3) Oliver DeG. Vanderbilt, Chairman of our Board, is obtaining a loan of $1,500,000 from the Chemical Bank New York Trust Company, which he will lend to Blair on a subordinated basis for 90 days. This loan will be collateralized by almost 700,000 shares of Systems Capital Corp. (current bid price over-the-counter is about 6) letter stock, and by "restricted" securities in Blair's investment account having no Rule 325 capital value, but having an actual value of approximately $1,000,000. Capital Management will also guarantee the loan from Chemical.

4) We are approaching a final settlement of the debt of the Schwabacher & Co., partners to Blair & Co., Inc., based on the agreement entered into in February, 1969 when we acquired Schwabacher. This debt is currently estimated at about $4,000,000 and is secured by securities having a market value of more than $12,000,000, which are currently held in Secured Demand Note Collateral accounts. Several Schwabacher partners are taking action to reduce the Rule 325 "hair-cuts" on these securities, either by depositing cash and withdrawing securities or by selling securities, with the amount of cash raised to be applied immediately to part payment of their respective obligations to Blair. This loan may also be collateralized in some manner by the stock of our affiliate Blair Advisory Co., Inc.

5) We are negotiating with several other potential investors on a basis similar to the arrangement with Mr. Foley.

We will keep the Exchange informed on a current basis of material developments in regard to our capital position.

Very truly yours,

James B. Ramsey, Jr.

/ft

E 171

PLAINTIFFS' EXHIBIT 19H

LETTER FROM STOCK TO RAMSEY, FEBRUARY 19, 1970

February 19, 1970

Mr. James B. Ramsey, Jr., President
Blair & Co., Inc.
20 Broad Street
New York New York 10005

Dear Mr. Ramsey:

As you probably know, last month we met with Messrs. Benjamin Hepburn and James Rush of your organization to discuss the problems resulting from conversion to the Midwest System. Mention was also made of the approaching expiration of certain Secured Demand Notes and its impact on the capital of Blair & Co., Inc. We were told of plans to improve the capital position of Blair & Co., Inc. including a sale and leaseback arrangement of furniture and fixtures, sale of certain securities having no capital value, possible liquidation of secured demand notes collateral, negotiations for the infusion of new capital and several other possibilities.

It is now approximately one month since the above mentioned meeting and to the best of our knowledge there has been no material change in the capital position of Blair & Co., Inc. which, according to our latest information, does not meet Exchange minimum capital requirements. Accordingly, we must insist that immediate action be taken to improve the capital of Blair & Co., Inc. to the point where it meets Exchange requirements. Unless this is accomplished by the close of business on February 25, 1970, we will have no alternative but to impose restrictions designed to curb the volume of the Blair & Co., Inc. business until such time as the capital requirements of the Exchange are met satisfactorily.

We shall appreciate your letting us know promptly of your intended course of action.

Very truly yours,

Fred J. Stock, Jr.

Fred J. Stock, Jr.
Assistant Vice President

JJDelgnan:hb

E 172

PLAINTIFFS' EXHIBIT 19J-1

LETTER FROM BISHOP TO HEPBURN, APRIL 1, 1970

NEW YORK STOCK EXCHANGE
DEPARTMENT OF MEMBER FIRMS
4 NEW YORK PLAZA
AT BROAD AND WATER STREETS
NEW YORK, N.Y. 10004

ROBERT M. BISHOP
VICE PRESIDENT
DIRECTOR
(212) 623-5250

April 1, 1970

Mr. Benjamin H. Hepburn
Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Dear Mr. Hepburn:

This is a follow-up on the telephone conversation you and your associates had today with John Deignan of our staff.

It is my understanding that a capital computation as of February 28, 1970 indicates that Blair & Co., Inc. had a capital deficiency of $3,000,000 reflecting an improvement of approximately $1,400,000 from the deficiency of $4,400,000 as of January 31, 1970.

We know that for some time you have been making efforts to improve the capital position of your firm but you will realize, I am sure, that we cannot permit your firm to continue in violation of Rule 325. Accordingly, we must insist that immediate steps be taken to insure that Blair & Co., Inc. is in compliance with Rule 325 by the close of business on Friday, April 3, 1970. It would appear to us that the most logical way to accomplish this is to liquidate the collateral behind the Secured Demand Notes of members and allied members of your firm.

We understand that as an alternative you are endeavoring to expedite completion of the Foley borrowing to the extent of $2,000,000 of capital value. We must point out that such borrowing can only be considered as good capital by Friday if proper documentation is in our hands on or before that day. I understand further that an agreement in principle has been reached with former partners

E 173

Plaintiffs' Exhibit J-1

of Schwabacher & Co. whereby collateral behind their Secured Demand Notes is to be liquidated resulting in an increase in net capital of $1,200,000. Although the final agreements have not been signed, we understand that efforts will be made to accomplish the liquidation prior to the signing of the agreement and by the close of business on this coming Friday.

We have no objection to your proceeding as indicated in the previous paragraph with the distinct understanding however that if your plans have not materialized by Friday, we shall expect the securities behind Secured Demand Notes of members and allied members of your firm to be liquidated on that day in sufficient quantity to bring your firm's capital position into conformance with Rule 325.

Should you have any questions concerning the foregoing, please let me know promptly.

Sincerely,

E 174

PLAINTIFFS' EXHIBIT 19K

LETTER FROM McCHESNEY TO HEPBURN, JANUARY 2, 1970

NEW YORK STOCK EXCHANGE
DEPARTMENT OF MEMBER FIRMS
4 NEW YORK PLAZA
AT BROAD AND WATER STREETS
NEW YORK, N.Y. 10004

LLOYD W. McCHESNEY
CHIEF EXAMINER
(212) 623-4811

January 2, 1970

Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Attention: Mr. Benjamin H. Hepburn

Gentlemen:

Our records indicate we have not received a copy of the statement of financial condition based upon the 1969 audit of your organization as required by Rule 419 (Financial Statements to Customers).

Please send promptly a copy of such statement of financial condition to:

Chief Examinec
New York Stock Exchange
Department of Member Firms
4 New York Plaza
New York, New York 10004

Inquiries concerning the above may be directed to Mr. Maurice Minen, telephone - (212) 623-6925.

Very truly yours,

Lloyd W. McChesney

E 175

PLAINTIFFS' EXHIBIT 19L

LETTER FROM RUSH TO MINEN, JANUARY 7, 1970

BY HAND

January 7, 1970

Mr. Maurice Minen
New York Stock Exchange
Department of Member Firms
4 New York Plaza
New York, N.Y. 10004

Dear Mr. Minen:

Enclosed is a draft of the Statement of Financial Condition of Blair & Co., Inc. as of September 26, 1969. Copies of this statement will be mailed to customers in accordance with Rule 419.

As the audit of Blair & Co., Inc. was divided between its Schwabacher Division and Blair Division at two different dates, Mr. Lloyd W. McChesney requested that I send a draft of the statement for your review prior to its release to our customers.

If you have any questions, please call me at 344-4030, Ext. 281.

Very truly yours,

James J. Rush

JJR:aw
Encl.

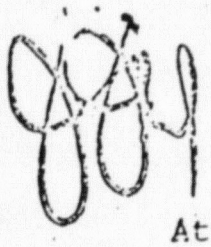
BEST COPY AVAILABLE

E 176

PLAINTIFFS' EXHIBIT 19M

MEMORANDUM BY DEIGNAN TO FILE, JANUARY 16, 1970

M E M O R A N D U M



January 16, 1970

BLAIR & CO., INC.

At the Coordinators' meeting this afternoon, I discussed certain aspects of the answer to a Regular Financial Questionnaire as of September 26, 1969, the analysis of which was just recently completed. I reported the following information:

1) Capital position as of September 26, 1969

Aggregate Indebtedness	$84,312,000
Net Capital	5,134,000
Ratio	1643%
Ratio of non-exempts to net capital	5 to 1

2) Firm suffered a loss of $3,567,000

3) Short differences - $2,904,000 (if charged to net capital would result in 4321% ratio)

4) Cash Margin Deficiency of $6,230,000 on secured demand ~~non-exempts~~ notes charged against capital.

5) Apparently $1,721,000 of capital has been or will be withdrawn by the end of January 1970 against injection of only 250,000.

Fred Stock said he had heard rumors that conversion of eastern offices to Midwest System had not proceeded smoothly. This was contrary to information I received in telephone conversations with James Rush and George Saks.

It was determined that an examiner should be sent to the firm to check on current capital position and on the progress of the conversion.

JJD

E 177

PLAINTIFFS' EXHIBIT 19N

REPORT BY ARTHUR YOUNG TO BLAIR & CO.

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N. Y. 10017

CERTIFIED PUBLIC ACCOUNTANTS' SUPPLEMENTARY REPORT

The Board of Directors
Blair & Co., Inc.

We have examined the Answers to Financial Questionnaire of Blair Division of Blair & Co., Inc. at September 26, 1969, and have reported thereon under date of December 5, 1969. Reference is made to that report wherein certain matters are discussed relative to the scope of our examination being limited to the books and records of Blair Division. Furthermore, the examination would not necessarily disclose all material inadequacies which may have existed in the accounting system, the internal accounting control, and procedures for safeguarding securities of Blair Division of Blair & Co., Inc. since our last examination at May 31, 1968 (prior to the acquisition of Schwabacher & Co., now Schwabacher Division of Blair & Co., Inc.).

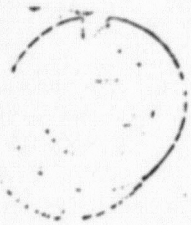
Based on our examination described above, we found certain inadequacies in the accounting system, the internal accounting control and procedures for safeguarding securities which, in our opinion, were material in the circumstances. This supplementary report concerning these material inadequacies is furnished pursuant to the audit requirements of the New York Stock Exchange and the Securities and Exchange Commission and is deemed confidential. The material inadequacies, with an indication of corrective action taken were as follows:

During the period Respondent conducted cycle counts of securities and certain other internal accountability procedures. However, differences identified in connection therewith, while controlled through the use of separate accounts were not cleared up in a timely manner in all cases. Consequently, certain security positions and ledger balances remained unresolved or resulted in charges to profit and loss at September 26, 1969 (see Question 13 and Note 2, Part I).

E 178

PLAINTIFFS' EXHIBIT 190

LETTER FROM DRAKE (SECRETARY TO MR. SAUL OF AMEX)
TO RAMSEY, FEBRUARY 5, 1970



American Stock Exchange

86 Trinity Place
New York NY 10006
212/964-3200

Ralph S Saul
President

February 5, 1970

Mr. James B. Ramsey, Jr.
President
Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Dear Mr. Ramsey:

This will confirm your February 10 luncheon date here at the Exchange at 12:30 p.m., tenth floor dining room. A list of those expected to attend follows:

Blair & Co., Inc.
Mr. Oliver DeG. Vanderbilt, Chairman of the Board
Mr. James B. Ramsey, Jr., President and Chief Executive Officer
Mr. James J. Sullivan, Executive Vice President
Mr. Albert E. Schwabacher, Jr., Senior Vice President

Exchange
Mr. Frank C. Graham, Jr., Chairman of the Board
Mr. Ralph S. Saul, President
Mr. Paul Kolton, Executive Vice President
Mr. James W. Walker, Jr., Senior Vice President-Legal and Government Affairs
Mr. Richard M. Burdge, Senior Vice President-Operations
Mr. Joseph J. Gulick, Senior Vice President-Administration
Mr. Henry G. Riter, IV, Senior Vice President-Securities and Market Development
Mr. Winsor H. Watson, Jr., Senior Vice President-Information Services.

If there are any changes to your guest list, I would appreciate your letting me know. Thank you.

Sincerely,

(Mrs.) Ruth M. Drake
Secretary to Mr. Saul

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PLAINTIFFS' EXHIBIT 24

LETTER FROM BISHOP TO RAMSEY, MAY 8, 1969

May 8, 1969

Mr. James B. Ramsey, Jr., President
Blair & Co., Inc.
20 Broad Street
New York, New York 10004

Dear Mr. Ramsey:

This is to confirm the determinations made at a meeting held on May 8, 1969, with Mr. Benjamin H. Hepburn, Mr. Raymond Holvenstot, and Mr. Joseph Daley of counsel. As you know, the purpose of this meeting was to discuss the current operation conditions of the Schwabacher Division of Blair & Co., Inc. and to consider whether some modification should be made in the operating restrictions imposed by the Exchange. Based on the information provided by Mr. Holvenstot indicating improvement in operation conditions, the following determinations were made:

1. The restriction against approval of new registered representatives is modified to the extent that we will not object to your hiring sufficient registered personnel to raise the quota of 179 as of April 30, 1969, to 188, the quota on March 1, 1968.

2. The restriction on underwriting activities is rescinded completely.

All other restrictions will remain in full force and effect until such time as we feel the status of the operations of the Schwabacher Division is such as to warrant further modification.

Sincerely,

/s/ ROBERT M. BISHOP
Robert M. Bishop
Vice President

cc: Mr. Joseph Daley
JJDeignan/mvn

E 180

PLAINTIFFS' EXHIBIT 25

LETTER NYSE (NEWMAN) TO BLAIR (RAMSEY), FEBRUARY 24, 1969

February 24, 1969

Blair & Co., Inc.
20 Broad Street
New York, N. Y. 10005

Attention: Mr. James B. Ramsey, Jr.

Gentlemen:

The answers to the Regular Financial Questionnaire as of May 31, 1968, prepared by Arthur Young & Company, have been the subject of numerous letters, meetings and telephone conversations.

Originally the answers were analyzed to show a ratio of 2354% with $620,352 needed to meet the minimum capital requirement. The net capital was computed to be $1,922,448. This analysis was arrived at without charging off the short security valuations of $558,296.

Based upon the additional information submitted as an amendment to the original questionnaire, we have arrived at an adjusted ratio of 2147%, and net capital of $2,503,455. Based on aggregate indebtedness of $53,743,000, the minimum capital requirement was $2,667,480. An amount of $163,945 was needed to meet minimum capital requirements.

The adjusted capital position is based on information contained in letters from your corporation dated November 5, 1968 and January 13, 1969, and letters from Arthur Young & Company dated December 9, 1968 and January 22, 1969. In the adjusted capital position favorable consideration was given to all matters contained in the letters except for the matters numbered 1, 2 and 3 contained on Pages 2 and 3 of the letter dated November 5, 1968 and for the matters number 1 (Other Items) on Pages 1 and 2 of the letter dated January 22, 1969.

E 181

Plaintiffs' Exhibit 35

The violation of Rule 325 at May 31, 1968 may be the subject of a report to the Advisory Committee of the Board of Governors of this Exchange. We would appreciate your furnishing us with a full written explanation of the circumstances under which the violation of Rule 325 occurred. Your explanation will be made a part of the report covering the violation which may be submitted to the Advisory Committee.

Until further notice, we ask that you agree to maintain net capital of at least $25,000 in excess of the minimum requirement or an amount which will provide a ratio of aggregate indebtedness to net capital of not more than 1500%, whichever is the greater dollar "cushion".

Very truly yours,

G. H. Newman
Manager

GHNewman/eb

E 182

PLAINTIFFS' EXHIBIT 26

LETTER FROM NYSE (NEWMAN) TO BLAIR (RAMSEY), MARCH 19, 1969

BLAIR & CO., INC.
20 BROAD STREET
NEW YORK, N.Y. 10005

OFFICE OF THE PRESIDENT

TELEPHONE 344-4000

March 19, 1969

Mr. George H. Newman
New York Stock Exchange
11 Wall Street
New York, New York 10005

Dear Mr. Newman:

This letter is in response to yours of February 24th addressed to Mr. James B. Ramsey, Jr., relating to our answers to the Regular Financial Questionnaire as of May 31, 1968. This response has been delayed because, at this point, it is imperative that we review all the data relative to this very serious problem.

Before going further, we wish to assure you that Blair & Co., Inc. has a capital ratio of approximately 750% and a combined ratio of 1216% including the Schwabacher acquisition. We fully intend and have the mechanics to maintain a ratio of less than 1500% as you have requested.

With respect to the Rule 325 problem, the difficulty in this area relates primarily to the definition of the current status of dividend receivables and short positions in dividend account. Our accounting and reporting has been guided in the past by section 2315.15 sub-paragraph (8) of Rule 325, which emphasizes the collectibility of dividends in determining current status. We, and our auditors, have assumed that subsequent collection and/or receipt of stock in the ordinary course of business was sufficient evidence to classify a dividend short or receivable as current.

The answers as filed indicated dividend debits of $256,470 and valuation of dividend shorts of $1,613,275. This is the area of principal concern in evaluating our position with respect to Rule 325.

Subsequent to filing the answers, we supplied you with dividend data indicating subsequent collection, receipt of stock, due bills, etc., all reviewed by our auditors, which more than offset the $820,352 indicated by you.

At this point, we were informed that this information was not acceptable and that, in the view of New York Stock Exchange Examiners, dividend shorts and debits originating more than 30 days prior to the questionnaire date, were to be classified as non-current. We have adjusted our record-keeping and internal procedures to report and control dividend debits and shorts on this basis and treat over 30 day items as non-current.

E 183

Plaintiffs' Exhibit 26

Subsequently, as you are aware, we furnished the Exchange with data geared to the 30 day concept which was acceptable and substantially reduced your computation from $820,352 to $183,945. We could probably do more in this area, but with the passage of time the task becomes impracticable.

In the flow of correspondence between us, we asked your consideration of the following items in any determination by you.

1. On May 10th we requested approval of the Exchange for additional subordinated cash in the amount of $1,000,000 from a non-voting stockholder. This capital was readily available prior to May 31st, but approval was not obtained until July 19th.

2. At May 31st, the firm held approximately $1,000,000 of securities subject to investment letter. These securities were not reported in the Answers to the Questionnaire. I believe under certain circumstances the Exchange has allowed partial capital credit for such items.

3. At and prior to May 31, 1968, stockholders were committed to apply a portion of the proceeds of a $2,100,000 guaranteed note to firm capital. On July 31, 1968, $962,000 was added to capital from this source.

I know the above is a repetition of much that has been said and written previously. However, any determination relating to Rule 325 is a very serious matter to us. And, at this time, with the acquisition of Schwabacher successfully consummated, the results could be extremely detrimental.

In your final decision relating to the disposition of this matter, we respectfully request your consideration of the following:

1. The substantial amount of funds originating prior but added to firm capital shortly after May 31, 1968.

2. The confusion with the definition of a current dividend item or the so-called 30 day rule, which is not a published interpretation to our knowledge.

3. The absence of any credit for investment letter securities held by the firm.

Yours very truly,

B. H. Hepburn

B. H. Hepburn
Assistant to the Office of the President

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PLAINTIFFS' EXHIBIT 27

LETTER NEWMAN TO BLAIR, MARCH 13, 1969

March 13, 1969

Blair & Co., Inc.
20 Broad Street
New York, N. Y. 10005

Attention: Mr. James B. Ramsey, Jr.

Gentlemen:

In our letter of February 24, 1969 (Page Two), we requested that you furnish us with a full written explanation of the circumstances under which your violation of Rule 325 occurred.

Also, we asked that you agree to maintain net capital of at least $25,000 in excess of the minimum requirement or an amount which will provide a ratio of aggregate indebtedness to net capital of not more than 1500%, whichever is the greater dollar "cushion".

May we please hear from you.

Very truly yours,

G. H. Newman
Manager

3/27

PAWilliams:AV

E 185

PLAINTIFFS' EXHIBIT 29A

LETTER TO BISHOP TO SCHWABACHER (MUIR), MARCH 5, 1969

NEW YORK STOCK EXCHANGE
ELEVEN WALL STREET
NEW YORK, N.Y. 10005

ROBERT M. BISHOP
VICE PRESIDENT
DIRECTOR
DEPARTMENT OF MEMBER FIRMS

March 5, 1969

Schwabacher & Company
100 Montgomery Street
San Francisco, California 94104

Attention: Mr. Richard W. Muir

Gentlemen:

Thank you for your letter of February 26, 1969.

Non-compliance with Rule 419 with respect to the financial statement based on the audit as of August 30, 1968, was considered in disciplinary proceedings brought against your firm. We note your intention to make available to customers the financial statement resulting from the audit of the merged company, Blair & Co., Inc. and Schwabacher & Co., within the requisite time specified.

Sincerely yours,

Robert M. Bishop

E 186

PLAINTIFFS' EXHIBIT 31

LETTER JONES (NYSE) TO BLAIR (DON), NOVEMBER 10, 1967

November 10, 1967

Blair & Co., Inc.
20 Broad Street
New York, N.Y. 10005

Attention: Mr. Robert A. Don

Gentlemen:

In a separate letter your organization was granted a second two-week extension covering the submission of answers to a regular financial questionnaire as of September 29, 1967.

Under normal circumstances we feel that 30 days should be adequate for an independent public accountant to complete an audit and to prepare answers to a regular financial questionnaire for submission by the member organization. When an accountant indicates that an additional six and one-half weeks is necessary for him to complete his audit, it leaves the impression that he found the member organization's books in poor shape and for that reason the completion of his audit was delayed.

Since we are aware that you have been carrying differences on your books for quite some time, we are now concerned that your auditors may have uncovered additional differences, particularly short money or short security differences which would impair your net capital insofar as Rule 325 is concerned. Therefore, we will appreciate your giving us an estimation of the total of short differences that may now exist.

Very truly yours,

W. E. Jones
Assistant Director

HCKelly:mb

4/47

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PLAINTIFFS' EXHIBIT 32

LETTER FROM BISHOP TO RAMSEY, JULY 3, 1969

July 3, 1969

Mr. James B. Ramsey, Jr.
Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Dear Mr. Ramsey:

As you know, the answers to the Regular Financial Questionnaire as of May 31, 1968, prepared by Arthur Young & Company, have been the subject of numerous letters and discussions.

The answers originally were analyzed to show a ratio of 2854%, with $320,352 needed to meet the minimum capital requirements. Based on additional information submitted by the corporation, an adjusted ratio of 2147%, with $183,945 needed to meet minimum requirements, was computed.

We have given careful consideration to the circumstances which you have attributed to Blair & Co., Inc.'s apparent violation of Rule 325. In view of the circumstances, the Exchange has determined not to pursue the matter further at this time.

We do feel it apropos to state that in view of Rule 325.15(8), the Exchange considers dividends receivable which originate more than 30 days prior to a questionnaire date are not readily collectable and are therefore a charge against capital. We understand the corporation has adjusted its record keeping and internal procedures to report and control debts and shorts on the basis of Exchange interpretation and treat over 30 day items as non-current.

E 188

Plaintiffs' Exhibit 32

Mr. James B. Ramsay, Jr. July 3, 1969

You, I am sure, realize the capital requirements of the Exchange are part of a program which attempts to safeguard the public and it is incumbent upon the corporation and those persons responsible for computing capital, to be aware constantly of the capital position as well as being familiar with the capital Rule and its Supplementary Material. Should your net capital at some future date be less than the minimum required due to a similar situation, or for any other reason, it would be necessary to report the matter to the Advisory Committee of the Board of Governors for whatever action it deems necessary under the circumstances.

If you have any questions, please do not hesitate to contact us.

Very truly yours,

/S/ ROBERT M. BISHOP

Robert M. Bishop
Vice President

RASpies:at

E 189

PLAINTIFFS' EXHIBIT 34

LETTER STOCK TO RAMSEY, FEBRUARY 19, 1970

February 19, 1970

Mr. James B. Ramsey, Jr., President
Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Dear Mr. Ramsey:

As you probably know, last month we met with Messrs. Benjamin Hepburn and James Rush of your organization to discuss the problems resulting from conversion to the Midwest System. Mention was also made of the approaching expiration of certain Secured Demand Notes and its impact on the capital of Blair & Co., Inc. We were told of plans to improve the capital position of Blair & Co., Inc. including a sale and leaseback arrangement of furniture and fixtures, sale of certain securities having no capital value, possible liquidation of secured demand notes collateral, negotiations for the infusion of new capital and several other possibilities.

It is now approximately one month since the above mentioned meeting and to the best of our knowledge there has been no material change in the capital position of Blair & Co., Inc. which, according to our latest information, does not meet Exchange minimum capital requirements. Accordingly, we must insist that immediate action be taken to improve the capital of Blair & Co., Inc. to the point where it meets Exchange requirements. Unless this is accomplished by the close of business on February 25, 1970, we will have no alternative but to impose restrictions designed to curb the volume of the Blair & Co., Inc. business until such time as the capital requirements of the Exchange are met satisfactorily.

We shall appreciate your letting us know promptly of your intended course of action.

Very truly yours,

Fred J. Stock, Jr.

Fred J. Stock, Jr.
Assistant Vice President

JJDeignan:hb

E 190

PLAINTIFFS' EXHIBIT 35

LETTER DEIGNAN TO RUSH, FEBRUARY 16, 1970

February 16, 1970

Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Attention: Mr. James Rush

Gentlemen:

We have your letter of February 13, 1970 requesting an extension for the filing of answers to a Special Financial Questionnaire as of January 30, 1970. However, because Blair & Co., Inc. is apparently not meeting Exchange minimum capital requirements, we do not feel that we may properly grant the extension as requested. Accordingly, every effort should be made to submit the required answers as soon as possible.

Very truly yours,

S[illegible]
MEMBER FIRMS

John J. Deignan
Compliance Coordinator

JJDeignan:hb

cc: Ed Carley

E 191

PLAINTIFFS' EXHIBIT 36

MEMO DEIGNAN TO STOCK, MARCH 13, 1970

I told JJD I have told JJD to prepare letter for your signature directing firm to maintain capital of at least 3 million FJS

M E M O R A N D U M

March 13, 1970

TO: Fred J. Stock

Fred:

This will confirm the information I mentioned to you verbally about the capital position of Blair & Co., Inc. as of January 31, 1970. Our examiner has made the computation based on figures made available to him by the firm which he did not check since this would be a time-consuming process.

Aggregate Indebtedness	$105,959,000
Net Capital	2,750,000
Requirements	5,297,950
Deficiency	2,543,950
Ratio	3,848%

We cannot vouch for the accuracy of these figures. Hopefully the deficiency is on a high side, but again we cannot be sure. The examiner will stay at the firm and devote his time to refining these figures so that we can come up with a more realistic answer.

JJD

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PLAINTIFFS' EXHIBIT 37

SPECIAL OPERATIONS QUESTIONNAIRE AS OF JANUARY 30, 1970
DATED APRIL 20, 1970

SPECIAL OPERATIONS QUESTIONNAIRE

TO THE BOARD OF GOVERNORS -- NEW YORK STOCK EXCHANGE

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1/30/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12/31/69

		Current Report	Last Previous Report
1	*Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:*		
	A. Date as of which computation was made	1/30/70	12/31/69
	B. Amount of Aggregate Indebtedness	$ 101,284,116.	$ 119,713,000.
	C. Amount of Net Worth (excluding Subordinated Borrowings)	$ --	$ --
	D. Net Value of Securities in Proprietary accounts	$ 4,627,643.	$ 6,696,225.
	E. Amount of Subordinated Borrowings	$ 1,975,012.	$ 3,045,084.
	F. Net Value of Securities in Subordinated Accounts	$ 20,053,543.	$ 22,203,374.
	G. Amount of Net Capital	$ 817,771.	$ 4,478,515.
	H. Ratio of Aggregate Indebtedness to Net Capital	-- %	2,673 %
	I. Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ (4,246,435.)	$ (1,507,135.)

2	*Furnish the following information as of the date shown in answer to question 1A above:*		
	A. Unresolved stock record difference positions with no known related ledger amounts:		
	1. Total number thereof	245	245
	2. Total LONG market value thereof	$ 293,000.	$ 293,000.
	3. Total SHORT market value thereof	$ 283,000.	$ 283,000
	4. Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
	5. Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
	B. Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
	1. Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	204	204
	2. Total of such ledger DEBIT amounts	$ 424,965.	$ 424,965.
	3. Total of such ledger CREDIT amounts	$ 294,042.	$ 294,042.
	4. Were these amounts considered in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]

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NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 1-30-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12-31-69

		Current Report	Last Previous Report
2 cont.	C. Ledger amounts comprising SUSPENSE ITEMS with known related securities positions		
	1. Total number of such SUSPENSE ITEMS	394	117
	2. Total of such ledger DEBIT amounts	$ 2,063,221	$ 1,014,788
	3. Total of such ledger CREDIT amounts	$ NONE	$ NONE
	4. Total market value of LONG securities positions related to SUSPENSE ITEMS	$ 3,153,606	$ 1,014,788
	5. Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ 2,251,093	$ NONE
	6. Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
	D. Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
	1. Total ledger amounts of such distributions receivable in cash	$ 624,795	$ 449,701
	2. Total market value of such distributions receivable in stock, rights, etc.	$ 891,802	$ 725,562
	3. Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentifiable items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

3	*Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:*	Current Report				
		Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences	
					Long	Short
	A. Securities: *					
	1. Securities in active box		%		$	$
	2. All other securities recorded as being in physical possession		%		$	$
	B. Open transfer items counted and compared to stock record		%		$	$
		Last Previous Report				
	A. Securities *					
	1. Securities in active box		%		$	$
	2. All other securities recorded as being in physical possession		%		$	$
	B. Open transfer items counted and compared to stock record		%		$	$

* Not available at this time

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NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 1/30/70
BLAIR & CO, INC.	LAST PREVIOUS REPORT DATE: 12/31/69

4 *Furnish the information called for with respect to the latest proofs taken of the following accounts.*

	Current Report			
	Date	*Totals of Detail Records*	*Balances in Control Accounts*	*Differences*
A. Customer accounts		$	$	$
B. Fail to receive	1/30/70	$ 23,501,000.	$ 28,684,906.	$ 5,183,906.
C. Fail to deliver	"	$ 23,436,000.	$ 27,484,765.	$ 4,048,765.
D. Stocks borrowed	"	$ 1,750,121.	$ 1,750,121.	$ None
E. Stocks loaned	"	$ 5,302,054.	$ 5,302,054.	$ None
	Last Previous Report			
A. Customer accounts		$	$	$
B. Fail to receive	12/31/69	$ 20,750,000.	$ Unavailable	$ Unavailable
C. Fail to deliver	"	$ 19,820,000.	$ "	$ "
D. Stocks borrowed	"	$ 1,550,000.	$ "	$ "
E. Stocks loaned	"	$ 3,532,000.	$ "	$ "

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in related general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer ledgers, and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP tape or card files

5 *Furnish the following information as of month end:*

	Current Report	*Last Previous Report*
A. Number of securities positions with unresolved stock record breaks.	250	250
B. Total market value of unresolved STOCK RECORD BREAKS:		
1. LONG	$ 1,001,829.	$ 1,037,090.
2. SHORT	$ 858,834.	$ 889,196.

NOTE: STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of securities movements

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IV

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1-30-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12-31-69

6 *Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed*

	Current Report				
	Date	% of Total Positions Conf'd & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
A. Collateral items confirmed with banks and compared to stock record	11-24	100 %		$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11-24	100 %		$	$
C. Fails to deliver confirmed and compared to stock record	11-24	100 %		$	$
D. Fails to receive confirmed and compared to stock record	11-24	100 %		$	$
E. Stocks borrowed confirmed and compared to stock record	9-26	100 %		$	$
F. Stocks loaned confirmed and compared to stock record	9-26	100 %		$	$
	Last Previous Report				
A. Collateral items confirmed with banks and compared to stock record	11-24	100 %	None	$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11-24	100 %	None	$	$
C. Fails to deliver confirmed and compared to stock record	11-24	100 %	None	$	$
D. Fails to receive confirmed and compared to stock record	11-24	100 %	None	$	$
E. Stocks borrowed confirmed and compared to stock record	9-26	100 %	None	$	$
F. Stocks loaned confirmed and compared to stock record	9-26	100 %	None	$	$

7	Current Report	Last Previous Report
A. *Furnish the following information on unsecured accounts of customers at month end:*		
1. Total number of accounts	1081	894
2. Total ledger DEBIT balances	$ 591,651	$ 874,985
3. Total market value of SHORT securities positions	$ 840,566	$ 422,582
B. *Furnish the following information on unsecured accounts of brokers at month end:*		
1. Total number of accounts	27	25
2. Total ledger DEBIT balances	$ 6,978	$ 5,358
3. Total market value of SHORT securities positions	$ 173,966	$ 284,621

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V

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1-30-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12-31-69

		Current Report	Last Previous Report
8	*Furnish the following information on bank accounts and related bank statements:*		
	A. Latest date, prior to the report date, as of which ALL bank accounts had been reconciled	12/31/69	11/30/69
	B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
	1. DEBITS	$ -0-	$ -0-
	2. CREDITS	$ -0-	$ -0-
	NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.		

9	*With respect to clearing arrangements:*		
	A. If the respondent clears through other brokerage organizations, state:		
	1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing brokers had been reconciled	-	-
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ -	$ -
	(b) CREDITS	$ -	$ -
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ -	$ -
	(b) SHORT	$ -	$ -
	B. If the respondent clears for other brokerage organizations, state the number thereof		

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VI

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1-30-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12/31/69

		Current Report	Last Previous Report
9 cont.	*With respect to clearing arrangements:*		
	C. If the respondent clears through the Stock Clearing Corporation's direct mail clearance facilities, state:		
	1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been reconciled	-	-
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ -	$ -
	(b) CREDITS	$ -	$ -
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ -	$ -
	(b) SHORT	$ -	$ -
	NOTE: DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately		

10	*State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:*		
	A. New York Stock Exchange	307	513
	B. All other securities exchanges	660	652
	C. Over the Counter	240	320
	D. Other:	251	160
		1,452	1,645
	Totals		

NOTES 1. TRADES consist of the buying and selling activities undertaken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance or other settlement activities on the part of the respondent. Transactions cleared or settled for correspondents should be included. In determining the average number of trades, an order for the purchase (or sale) of, say, 500 shares, executed as 200 shares at 25 and 300 shares at 25¼, should be considered as two trades.

2. If the information as requested in this question will present a distorted representation of the respondent's business, the "Other" category may be classified into significant components, such as Underwritings, Specialist clearances, Correspondent clearances, and so forth.

3. Transactions included in the "Other" category (10 D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

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VII

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1-30-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12/31/69

		Current Report	Last Previous Report
11	*State the average number, per trading day of the month:*		
	A. Of UNCOMPARED TRADES and ADVISORY TRADES	54	164
	B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	137	122

NOTES: 1 An UNCOMPARED TRADE is one (a) which is reflected differently on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions

2 An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter, as revealed by contract sheets, in the case of clearing house transactions

12	*State the number, over 30 days old at month end, of open transfer items:*		
	A. Being transferred by the respondent's organization	3,331	4,023
	B. Being transferred by other brokerage organizations for the respondent	NONE	NONE
	C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	NONE	NONE

* 20 days

13	*State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)*	8,700	4,217

14	*Estimate the average per day of the month, for the following:*		
*	A. Securities delivered to other brokers returned unaccepted (DK's):		
	1. Number of items	15	*
	2. Percentage of such items to total items presented to brokers for delivery	5% %	* %
	B. Securities delivered against payment to banks returned unaccepted:		
	1. Number of items	20	*
	2. Percentage of such items to total items presented to banks for delivery	5 %	* %

NOTE: With respect to securities delivered to other brokers through clearinghouses, each deliver balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered.

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VIII

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1/30/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12/31/69

		Current Report	Last Previous Report
15	*State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements*	9	13
16	*State the latest date prior to the report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors*	11/30/69	10/31/69
	NOTE FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position		
17	*State the number of business days after the end of the month required to complete the normal daily posting of the following:*		
	A. General ledger	None	None
	B. Customer and broker accounts	"	"
	C. Stock record	"	"
	D. Margin records	"	"
18	A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼, etc.)	645	463
	B. State the number, at month end, of personnel undergoing Registered Representative training	-	-
	C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	473	556
	D. State the number of personnel on your full time internal audit staff	None	None
	E. Is an outside service bureau used for daily recordkeeping activities?	YES ☒ NO ☐	YES ☒ NO ☐
	F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
	1. Internal courses	None	None
	2. External courses	"	"
	NOTE PRODUCING PERSONNEL, for the purpose of this questionnaire, represent those, including partners or officers, who accept orders or execute trades		

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IX

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 1-30-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 12/31/69

		Current Report
19	A. Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau systems) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☒ Not Applicable
	B. Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☐ Statement Attached ☒ Not Applicable

		Current Report	Last Previous Report
20	*Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:*		
	A. Cumulative net profit (loss) applicable to the current fiscal year	$ (8,476,201)	$(6,397,343)
	B. Number of fiscal months to which the cumulative net profit (loss) applies	12	11

NAME OF RESPONDENT ORGANIZATION BLAIR & CO., INC.

SIGNED BY _____
(CHIEF EXECUTIVE)

AND _____
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)

DATE 2/10/70

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE," AS APPROPRIATE, IF THERE IS NOTHING TO REPORT IN RESPONSE TO A PARTICULAR QUESTION

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PLAINTIFFS' EXHIBIT 38

SPECIAL OPERATIONS QUESTIONNAIRE AS OF FEBRUARY 27, 1970
DATED APRIL 20, 1970

SPECIAL OPERATIONS QUESTIONNAIRE

TO THE BOARD OF GOVERNORS - NEW YORK STOCK EXCHANGE

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2/27/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1/30/70

		Current Report	Last Previous Report
1	*Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:*		
	A. Date as of which computation was made	2/28/70	1/30/70
	B. Amount of Aggregate Indebtedness	$ 122,795,388.	$ 101,284,116.
	C. Amount of Net Worth (excluding Subordinated Borrowings)	$ --	$ --
	D. Net Value of Securities in Proprietary accounts	$ 5,714,926.	$ 4,627,643.
	E. Amount of Subordinated Borrowings	$ 2,891,326.	$ 1,975,012.
	F. Net Value of Securities in Subordinated Accounts	$ 21,922,410.	$ 20,053,543.
	G. Amount of Net Capital	$ 1,064,013..	$ 817,771.
	H. Ratio of Aggregate Indebtedness to Net Capital	-- %	-- %
	I. Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ (5,075,757.-)	$ (4,246,435.)

2	*Furnish the following information as of the date shown in answer to question 1A above:*		
	A. Unresolved stock record difference positions with no known related ledger amounts:		
	1. Total number thereof	245	245
	2. Total LONG market value thereof	$ 266,097.	$ 293,000.
	3. Total SHORT market value thereof	$ 269,083.	$ 283,000
	4. Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
	5. Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
	B. Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
	1. Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	204	204
	2. Total of such ledger DEBIT amounts	$ 424,965.	$ 424,965.
	3. Total of such ledger CREDIT amounts	$ 294,042.	$ 294,042.
	4. Were these amounts considered in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]

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II

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2-27-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1-30-70

		Current Report	Last Previous Report
2 cont.	C. Ledger amounts comprising SUSPENSE ITEMS with known related securities positions:		
	1. Total number of such SUSPENSE ITEMS	338	394
	2. Total of such ledger DEBIT amounts	$ 3,140,955	$ 2,063,221
	3. Total of such ledger CREDIT amounts	$ 1,821,254.	$ NONE
	4. Total market value of LONG securities positions related to SUSPENSE ITEMS	$ 2,405,100	$ 3,153,606
	5. Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ 1,099,300	$ 2,251,093
	6. Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
	D. Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
	1. Total ledger amounts of such distributions receivable in cash	$ 423,263	$ 624,795
	2. Total market value of such distributions receivable in stock, rights, etc.	$ 774,286.	$ 891,802
	3. Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentifiable items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

3 *Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:*	Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
Current Report					
A. Securities: *					
1. Securities in active box		%		$	$
2. All other securities recorded as being in physical possession		%		$	$
B. Open transfer items counted and compared to stock record		%		$	$
Last Previous Report					
A. Securities: *					
1. Securities in active box		%		$	$
2. All other securities recorded as being in physical possession		%		$	$
B. Open transfer items counted and compared to stock record		%		$	$

*Not available at this time.

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III

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2/27/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1/30/70

4 *Furnish the information called for with respect to the latest proofs taken of the following accounts:*

	Date	Totals of Detail Records	Balances in Control Accounts	Differences
Current Report				
A. Customer accounts		$	$	$
B. Fail to receive	2/27/70	$ 22,799,000.	$ 28,478,569.	$ 5,679,569.
C. Fail to deliver	"	$ 22,032,000.	$ 25,599,427.	$ 3,567,427.
D. Stocks borrowed	"	$ 2,488,833.	$ 2,488,833.	$ None
E. Stocks loaned	"	$ 4,992,340.	$ 4,992,340.	$ None
Last Previous Report				
A. Customer accounts		$	$	$
B. Fail to receive	1/30/70	$ 23,501,000.	$ 28,684,906.	$ 5,183,906.
C. Fail to deliver	"	$ 23,436,000.	$ 27,484,765.	$ 4,048,765.
D. Stocks borrowed	"	$ 1,750,121.	$ 1,750,121.	$ None
E. Stocks loaned	"	$ 5,302,054.	$ 5,302,054.	$ None

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in related general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer ledgers, and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP tape or card files.

5 *Furnish the following information as of month end:*	Current Report	Last Previous Report
A. Number of securities positions with unresolved stock record breaks.	370	250
B. Total market value of unresolved STOCK RECORD BREAKS:		
1. LONG	$ 601,347.	$ 1,001,829.
2. SHORT	$ 753,417.	$ 858,834.

NOTE STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of securities movement...

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IV

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2-27-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1-30-70

6 *Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed:*

	Date	% of Total Positions Conf'd. & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
Current Report					
A. Collateral items confirmed with banks and compared to stock record	11-24-69	100 %	None	$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11-24	100 %	"	$	$
C. Fails to deliver confirmed and compared to stock record	11-24	100 %	"	$	$
D. Fails to receive confirmed and compared to stock record	11-24	100 %	"	$	$
E. Stocks borrowed confirmed and compared to stock record	9-26	100 %	"	$	$
F. Stocks loaned confirmed and compared to stock record	9-26	100 %	None	$	$
Last Previous Report					
A. Collateral items confirmed with banks and compared to stock record	11-24-69	100 %	None	$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11-24-69	100 %	"	$	$
C. Fails to deliver confirmed and compared to stock record	11-24-69	100 %	None	$	$
D. Fails to receive confirmed and compared to stock record	11-24-69	100 %	None	$	$
E. Stocks borrowed confirmed and compared to stock record	9-26-69	100 %	"	$	$
F. Stocks loaned confirmed and compared to stock record	9-26-69	100 %	"	$	$

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	Current Report	Last Previous Report
A. *Furnish the following information on unsecured accounts of customers at month end:*		
1. Total number of accounts	1035	1081
2. Total ledger DEBIT balances	$ 452,667	$ 591,651
3. Total market value of SHORT securities positions	$ 593,096	$ 840,566
B. *Furnish the following information on unsecured accounts of brokers at month end*		
1. Total number of accounts	115	27
2 Total ledger DEBIT balances	$ 7,843.	$ 6,978
3 Total market value of SHORT securities positions	$ 244,189	$ 173,966

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Plaintiffs' Exhibit 38

V

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2-27-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1-30-70

		Current Report	Last Previous Report
8	*Furnish the following information on bank accounts and related bank statements:*		
	A. Latest date, prior to the report date, as of which ALL bank accounts had been reconciled	1/31/70	12/31/69
	B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
	1. DEBITS	$ -0-	$ -0-
	2. CREDITS	$ -0-	$ -0-
	NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.		

9	*With respect to clearing arrangements:*		
	A. If the respondent clears through other brokerage organizations, state:		
	1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing brokers had been reconciled	-	-
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ -	$ -
	(b) CREDITS	$ -	$ -
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ -	$ -
	(b) SHORT	$ -	$ -
	B. If the respondent clears for other brokerage organizations, state the number thereof		

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Plaintiffs' Exhibit 38

VI

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2-27-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1-30-70

		Current Report	Last Previous Report
9 cont.	*With respect to clearing arrangements:*		
	C. If the respondent clears through the Stock Clearing Corporation's direct mail clearance facilities, state:		
	1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been reconciled	-	-
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ -	$ -
	(b) CREDITS	$ -	$ -
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ -	$ -
	(b) SHORT	$ -	$ -
	NOTE: DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately.		

10	*State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:*		
	A. New York Stock Exchange	750	307
	B. All other securities exchanges	250	660
	C. Over the Counter	200	240
	D. Other:	-0-	251
	Totals	1,200	1,452

NOTES 1 TRADES consist of the buying and selling activities undertaken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance or other settlement activities on the part of the respondent. Transactions cleared or settled for correspondents should be included. In determining the average number of trades, an order for the purchase (or sale) of, say, 500 shares executed as 200 shares at 25 and 300 shares at 25¼, should be considered as two trades.

2 If the information as requested in this question will present a distorted representation of the respondent's business, the "Other" category may be classified into significant components, such as Underwritings, Specialist clearances, Correspondent clearances, and so forth.

3 Transactions included in the "Other" category (10 D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

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Plaintiffs' Exhibit 38

VII

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2-27-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1-30-70

		Current Report	Last Previous Report
11	*State the average number, per trading day of the month:*		
	A. Of UNCOMPARED TRADES and ADVISORY TRADES	50	54
	B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	175	137

NOTES: 1. An UNCOMPARED TRADE is one (a) which is reflected differently on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions.

2. An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter, as revealed by contract sheets, in the case of clearing house transactions.

12	*State the number, over 30 days old at month end, of open transfer items:*		
	A. Being transferred by the respondent's organization	* 3,378	3,331
	B. Being transferred by other brokerage organizations for the respondent	None	None
	C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	None	None

*as of 3/6

13	*State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)*	6,380*	8,700

*35 days old

14	*Estimate the average per day of the month, for the following:*		
	A. Securities delivered to other brokers returned unaccepted (DK's):		
	1. Number of items	19	15
	2. Percentage of such items to total items presented to brokers for delivery	7 %	5 %
	B. Securities delivered against payment to banks returned unaccepted:		
	1. Number of items	21	20
	2. Percentage of such items to total items presented to banks for delivery	7 %	5 %

NOTE: With respect to securities delivered to other brokers through clearinghouses, each deliver balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered.

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Plaintiffs' Exhibit 38

VIII

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2/27/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1/30/70

		Current Report	Last Previous Report
15	*State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements*	10	9
16	*State the latest date prior to the report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors*	12/31/69	11/30/69
	NOTE: FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position.		
17	*State the number of business days after the end of the month required to complete the normal daily posting of the following:*		
	A. General ledger	None	None
	B. Customer and broker accounts	"	"
	C. Stock record	"	"
	D. Margin records	"	"
18	A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼, etc.)	626	645
	B. State the number, at month end, of personnel undergoing Registered Representative training	--	--
	C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	465	473
	D. State the number of personnel on your full time internal audit staff	None	None
	E. Is an outside service bureau used for daily recordkeeping activities?	YES ☒ NO ☐	YES ☒ NO ☐
	F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
	1. Internal courses	120	None
	2. External courses	None	None
	NOTE: PRODUCING PERSONNEL, for the purpose of this questionnaire, represent those, including partners or officers, who accept orders to execute trades		

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Plaintiffs' Exhibit 38

IX

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2-27-70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 1-30-70

			Current Report
19	A.	Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau systems) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☒ Not Applicable
	B.	Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☐ Statement Attached ☒ Not Applicable

			Current Report	Last Previous Report
20		*Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:*		
4	A.	Cumulative net profit (loss) applicable to the current fiscal year	$ (956,537)	$ (8,476,201)
	B.	Number of fiscal months to which the cumulative net profit (loss) applies	1	12

NAME OF RESPONDENT ORGANIZATION BLAIR & CO., INC.

SIGNED BY _____
(CHIEF EXECUTIVE)

AND _____
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)

DATE 4/21/70

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE," AS APPROPRIATE, IF THERE IS NOTHING TO REPORT IN RESPONSE TO A PARTICULAR QUESTION.

E 210

Plaintiffs' Exhibit 38

RECEIVED
APR 2 : 1970
J. D.
MEMBER FIRMS

E 211

PLAINTIFFS' EXHIBIT 40

SPECIAL OPERATIONS QUESTIONNAIRE AS OF MARCH 26, 1970
DATED APRIL 22, 1970

SPECIAL OPERATIONS QUESTIONNAIRE

TO THE BOARD OF GOVERNORS – NEW YORK STOCK EXCHANGE

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

		Current Report	Last Previous Report
1	*Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:*		
	A. Date as of which computation was made	3/26/70	2/28/70
	B. Amount of Aggregate Indebtedness	$ 126,109,872.	$ 122,795,388.
	C. Amount of Net Worth (excluding Subordinated Borrowings)	$ --	$ --
	D. Net Value of Securities in Proprietary accounts	$ 3,493,578.	$ 5,714,926.
	E. Amount of Subordinated Borrowings	$ 2,891,326.	$ 2,891,326.
	F. Net Value of Securities in Subordinated Accounts	$ 21,824,139.	$ 21,922,410.
	G. Amount of Net Capital	$ 1,017,479.	$ 1,064,013.
	H. Ratio of Aggregate Indebtedness to Net Capital	-- %	-- %
	I. Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ (5,288,015.)	$ (5,075,757.)
2	*Furnish the following information as of the date shown in answer to question 1A above:*		
	A. Unresolved stock record difference positions with no known related ledger amounts:		
	1. Total number thereof	242	245
	2. Total LONG market value thereof	$ 256,601.	$ 266,097.
	3. Total SHORT market value thereof	$ 257,690.	$ 269,083.
	4. Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
	5. Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
	B. Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
	1. Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	204	204
	2. Total of such ledger DEBIT amounts	$ 424,965.	$ 424,965.
	3. Total of such ledger CREDIT amounts	$ 294,042.	$ 294,042.
	4. Were these amounts considered in the capital computation summarized in answer to question 1?	YES [X] * NO [ ]	YES [X] NO [ ]

*Debit Balance Only.

E 212

Plaintiffs' Exhibit 40

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 3/20/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

2 cont		Current Report	Last Previous Report
	C. Ledger amounts comprising SUSPENSE ITEMS with known related securities positions:		
	1. Total number of such SUSPENSE ITEMS	287	338
	2. Total of such ledger DEBIT amounts	$ 2,253,704.	$ 3,140,955.
	3. Total of such ledger CREDIT amounts	$ 1,211,978.	$ 1,821,254.
	4. Total market value of LONG securities positions related to SUSPENSE ITEMS	$ 2,199,400.	$ 2,405,100.
	5. Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ 717,300.	$ 1,099,300.
	6. Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
	D. Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
	1. Total ledger amounts of such distributions receivable in cash	$ 512,429.	$ 423,263.
	2. Total market value of such distributions receivable in stock, rights, etc.	$ 860,232.	$ 774,286.
	3. Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentifiable items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

3 *Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:*

No counts conducted since last "Q".

	Current Report				
	Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
A. Securities:					
1. Securities in active box		N/A %		$	$
2. All other securities recorded as being in physical possession		" %		$	$
B. Open transfer items counted and compared to stock record		" %		$	$
	Last Previous Report				
A. Securities:					
1. Securities in active box		N/A %		$	$
2. All other securities recorded as being in physical possession		" %		$	$
B. Open transfer items counted and compared to stock record		" %		$	$

E 213

Plaintiffs' Exhibit 40

NAME OF RESPONDENT ORGANIZATION	FORM [illegible] REPORT OF ACCOUNTS OF BROKER OR DEALER IN SECURITIES
BLAIR & CO., INC.	ORGANIZATION FOR THE MONTH ENDED 3/2[illegible]/70
	LAST PREVIOUS REPORT DATE: 2/27/70

4 *Furnish the information called for with respect to the latest proofs taken of the following accounts:*

	Current Report			
	Date	*Totals of Detail Records*	*Balances in Control Accounts*	*Differences*
A. Customer accounts		$	$	$
B. Fail to receive	3/26/70	$ 24,500,000.	$ 32,234,525.	$ 7,734,525.
C. Fail to deliver	"	$ 14,841,000.	$ 20,281,265.	$ 5,440,265.
D. Stocks borrowed	"	$ 3,028,600.	$ 3,028,600.	$ None
E. Stocks loaned	"	$ 9,529,440.	$ 9,529,440.	$ "
	Last Previous Report			
A. Customer accounts		$	$	$
B. Fail to receive	2/27/70	$ 22,799,000.	$ 28,478,569.	$ 5,679,569.
C. Fail to deliver	"	$ 22,032,000.	$ 25,599,427.	$ 3,567,427.
D. Stocks borrowed	"	$ 2,488,833.	$ 2,488,833.	$ None
E. Stocks loaned	"	$ 4,992,340.	$ 4,992,340.	$ "

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in related general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer ledgers; and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP tape or card files.

5 *Furnish the following information as of month end:*

	Current Report	*Last Previous Report*
A. Number of securities positions with unresolved stock record breaks.	346	370
B. Total market value of unresolved STOCK RECORD BREAKS:		
1. LONG	$ 209,600. Dr.	$ 601,347.
2. SHORT	$	$ 753,417.

NOTE: STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of securities movements.

*Represents trade activity resulting from one sided cancellation where either the rebill or cancellation is missing.

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Plaintiffs' Exhibit 40

IV

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

6 *Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed.*

	Current Report				
	Date	% of Total Positions Conf'd & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
A. Collateral items confirmed with banks and compared to stock record	11/24/69	100 %	None	$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11/24/69	100 %	"	$	$
C. Fails to deliver confirmed and compared to stock record	11/24/69	100 %	"	$	$
D. Fails to receive confirmed and compared to stock record	11/24/69	100 %	"	$	$
E. Stocks borrowed confirmed and compared to stock record	9/26/69	100 %	"	$	$
F. Stocks loaned confirmed and compared to stock record	9/26/69	100 %		$	$
	Last Previous Report				
A. Collateral items confirmed with banks and compared to stock record	11/24/69	100 %	None	$	$
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	11/24/69	100 %	"	$	$
C. Fails to deliver confirmed and compared to stock record	11/24/69	100 %	"	$	$
D. Fails to receive confirmed and compared to stock record	11/24/69	100 %	"	$	$
E. Stocks borrowed confirmed and compared to stock record	9/26/69	100 %	"	$	$
F. Stocks loaned confirmed and compared to stock record	9/26/69	100 %	"	$	$

7

	Current Report	Last Previous Report
A. *Furnish the following information on unsecured accounts of customers at month-end:*		
1. Total number of accounts	1289	1035
2. Total ledger DEBIT balances	$ 439,647.	$ 452,667.
3. Total market value of SHORT securities positions	$ 590,528.	$ 593,096.
B *Furnish the following information on unsecured accounts of brokers at month-end*		
1. Total number of accounts	113	115
2. Total ledger DEBIT balances	$ 14,029.	$ 7,843.
3. Total market value of SHORT securities positions	$ 115,623.	$ 244,189.

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Plaintiffs' Exhibit 40

V

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

		Current Report	Last Previous Report
8	*Furnish the following information on bank accounts and related bank statements:*		
	A. Latest date, prior to the report date, as of which ALL bank accounts had been reconciled	2/27/70	1/31/70
	B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
	1. DEBITS	$ -0-	$ -0-
	2. CREDITS	$ -0-	$ -0-
	NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.		
9	*With respect to clearing arrangements:*		
	A. If the respondent clears through other brokerage organizations, state:		
	1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing brokers had been reconciled	--	--
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ --	$ --
	(b) CREDITS	$ --	$ --
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ --	$ --
	(b) SHORT	$ --	$ --
	B. If the respondent clears for other brokerage organizations, state the number thereof		

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Plaintiffs' Exhibit 40

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

		Current Report	Last Previous Report
9 cont.	*With respect to clearing arrangements:*		
	C. If the respondent clears through the Stock Clearing Corporation's direct mail clearance facilities, state:		
	1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been reconciled	--	--
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ --	$ --
	(b) CREDITS	$ --	$ --
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ --	$ --
	(b) SHORT	$ --	$ --
	NOTE: DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately.		

10	*State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:*		
	A. New York Stock Exchange	700	750
	B. All other securities exchanges	250	250
	C. Over the Counter	150	200
	D. Other:	-0-	-0-
	Totals	1,100	1,200

NOTES 1. TRADES consist of the buying and selling activities undertaken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance or other settlement activities on the part of the respondent. Transactions cleared or settled for correspondents should be included. In determining the average number of trades an order for the purchase (or sale) of, say, 500 shares, executed as 200 shares at 25 and 300 shares at 25⅛, should be considered as two trades.

2. If the information as requested in this question will present a distorted representation of the respondent's business, the "Other" category may be classified into significant components, such as Underwritings, Specialist clearances, Correspondent clearances, and so forth.

3. Transactions included in the "Other" category (10 D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

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Plaintiffs' Exhibit 40

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

		Current Report	Last Previous Report
11	*State the average number, per trading day of the month:*		
	A. Of UNCOMPARED TRADES and ADVISORY TRADES	45	50
	B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	150	175

NOTES: 1. An UNCOMPARED TRADE is one (a) which is reflected differently on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions.

2. An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter, as revealed by contract sheets, in the case of clearing house transactions.

**	12	*State the number, over 30 days old at month end, of open transfer items:*		
		A. Being transferred by the respondent's organization	8,312**	3,378*
		B. Being transferred by other brokerage organizations for the respondent	None	None
		C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	None	None

*As of 3/6 **25 Days

**	13	*State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)*	8,067**	6,380*

*35 Days old **20 Days

	14	*Estimate the average per day of the month, for the following:*		
		A. Securities delivered to other brokers returned unaccepted (DK's):		
		1. Number of items	13	19
		2. Percentage of such items to total items presented to brokers for delivery	4 %	7 %
		B. Securities delivered against payment to banks returned unaccepted:		
		1. Number of items	22	21
		2. Percentage of such items to total items presented to banks for delivery	7 %	7 %

NOTE: With respect to securities delivered to other brokers through clearinghouses, each deliver balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered.

*The major contributing factor for the number increase is the result of the closing of two branches and the subsequent necessity to transfer the positions either to the customer or to the recipient broker.

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Plaintiffs' Exhibit 40

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT'S ORGANIZATION FOR THE MONTH ENDED 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE 2/27/70

		Current Report	Last Previous Report
15	*State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements*	11	10
16	*State the latest date prior to the report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors*	12/31/69	12/31/69
	NOTE: FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position.		
17	*State the number of business days after the end of the month required to complete the normal daily posting of the following:*		
	A. General ledger	None	None
	B. Customer and broker accounts	"	"
	C. Stock record	"	"
	D. Margin records	"	"
18	A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼, etc.)	626	626
	B. State the number, at month end, of personnel undergoing Registered Representative training	--	--
	C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	465	465
	D. State the number of personnel on your full time internal audit staff	None	None
	E. Is an outside service bureau used for daily recordkeeping activities?	YES ☒ NO ☐	YES ☒ NO ☐
	F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
	1. Internal courses	76	120
	2. External courses	20	None
	NOTE: PRODUCING PERSONNEL, for the purpose of this questionnaire, represent those, including partners or officers, who accept orders to execute trades.		

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Plaintiffs' Exhibit 40

IX

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/26/70
BLAIR & CO., INC.	LAST PREVIOUS REPORT DATE: 2/27/70

		Current Report
19	A. Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau systems) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☒ Not Applicable
	B. Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☐ Statement Attached ☒ Not Applicable

		Current Report	Last Previous Report
20	*Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:*		
	A. Cumulative net profit (loss) applicable to the current fiscal year	$ 2,556,537)	$ (1,666,537)
	B. Number of fiscal months to which the cumulative net profit (loss) applies	3	2

NAME OF RESPONDENT ORGANIZATION _____

SIGNED BY James F Ramsey Jr
(CHIEF EXECUTIVE)

AND R. L. Hilmantel
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)

DATE 4/22/70

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE," AS APPROPRIATE, IF THERE IS NOTHING TO REPORT IN RESPONSE TO A PARTICULAR QUESTION.

E 220

Plaintiffs' Exhibit 40

RECEIVED
APR 23 1970
J.J.D.
MEMBER FIRMS

E 221

PLAINTIFFS' EXHIBIT 42

MEMO SOKOLOWSKI TO McCHESNEY, JANUARY 9, 1969

NEW YORK STOCK EXCHANGE

MEMORANDUM

January 9, 1969

TO: Mr. L. W. McChesney

FROM: T. D. Sokolowski

SUBJECT: Examiner's Limited Examination Visit (Short Report)

A. Blair & Co., Inc.

B. Dates of visit - November 4, 1968 to November 21, 1968

C. Capital position (adjusted) as of September 30, 1968 questionnaire date

Aggregate Indebtedness	$50,089,815
Net Capital	4,184,295
Ratio	1198%

"Unlocated short securities" valued at $575,977 have been charged in computing the above Net Capital. If these values had not been charged the capital position would be as follows:

Net Capital	$4,760,272
Ratio	1053%

D. Type of records: Service bureau/automatic computer service

E. Two major problem areas were noted to exist as follows:

1. Stock record unlocated security differences - as a direct result of their May 31, 1968 annual audit the corporation had booked the accountant's security count differences. As of September 30, 1968 these differences had market valuations of Longs $635,530 and Shorts $509,229. The short value was adjusted from $593,794 as reported in the September 30, 1968 special financial questionnaire. The balance $66,748 consists of unlocated short securities which were related to the P. W. Brooks & Co. Incorporated acquisition.

Relative to the above, Mr. Vincent T. Garrish, holder of voting stock, stated that these differences are being researched and he is of the opinion that a good portion would be cleared up as a result of making cycle security counts and also after a comprehensive stock record review giving particular emphasis to illogical street side positions.

JJJ We should insist on a schedule for clean up. They have already had too much time. B.

2. Stock dividend claims (non-current) $937,813 - Mr. Garrish advised that the dividend department will be researching older claims and taking the necessary action where appropriate in order to reduce these claims.

mbt
JB
Orig. & 2

E 223

PLAINTIFFS' EXHIBIT 44

MEMO GREVES TO STOCK, JUNE 10, 1969

MEMORANDUM

June 10, 1969

To: Fred Stock

From: Richard Greves

Subject: Blair & Co., Inc.

In the firm's answer to Question 9 of the Special Operations Questionnaire as of April 30, 1969, it was stated that a security count had been made as of March 15, 1969, and that the results would be reported subsequently.

A call was made to the firm advising them that this information should be in our hands by June 3, 1969, at the latest. At the same time an examiner was sent to the firm.

As of June 10, 1969, the differences resulting from the count are as follows:

	Short	Long
Items	1259	1264
Market Value	$5,200,000	$9,600,000

According to the examiner, the majority of the above differences resulted from the use of a "plug" or suspense account in balancing the daily take off of the Stock Record. Apparently they were adjusting the stock record and not researching the differences.

Since the visit of our examiner the firm is researching and resolving the differences from the daily take off each day without the use of a suspense account and the internal audit staff is spending all of its time resolving the count differences.

A report by the examiner is presently in preparation and will give additional detailed information.

E 224

Plaintiffs' Exhibit 44

In the meantime I have called the firm and instructed them to furnish us with weekly reports on the progress being made in resolving the differences and of the number of unresolved differences for the previous week from the daily take off.

Should we take any additional steps or have a restriction meeting?

R. A. Greves

mvn

E 225

PLAINTIFFS' EXHIBIT 45

LETTER HEPBURN TO DEIGNAN, JULY 16, 1969

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALB NEWYORK

Telephone
DI 4-4000

July 16, 1969
BY HAND

New York Stock Exchange
Department of Member Firms
4 New York Plaza
Broad and Water Streets
New York, New York

Attention: Mr. John Deignan

Gentlemen:

We are in the process of working off differences from securities count made on March 15, 1969, the amount of such differences as of the close of business July 15, 1969 being Short Position $3,119,462, 925 Items; Long Position $8,984,472, 1,181 Items.

We are making a weekly report to you on progress and these differences continue to be resolved at this writing.

We request permission at this time to discontinue the work on this count (which we feel is now stale) so as to prepare for our annual audit and improve our internal record keeping. This preparation would consist of a new count of securities by letter. Eachcount of a letter will be consummated by making the necessary adjustment immediately, including buying and selling items as required.

We plan to hire four men from J.E.M. Associates to help up consummate and research any count differences, so as to speed up the completion of this job.

Our fails are in balance and balanced daily. Stock loan, stock borrowed and bank loans are confirmed monthly. Our current stock record is in excellent shape. You will recall that our last report indicated only seven unresolved breaks since June 2, 1969.

If you agree with our approach, please advise at your earliest convenience.

Yours very truly,

B. H. Hepburn

B. H. Hepburn
Vice President

E 226

PLAINTIFFS' EXHIBIT 48

SUPPLEMENTARY REPORT OF ARTHUR YOUNG TO BLAIR BOARD, DECEMBER 5, 1969

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N. Y. 10017

CERTIFIED PUBLIC ACCOUNTANTS' SUPPLEMENTARY REPORT

The Board of Directors
Blair & Co., Inc.

We have examined the Answers to Financial Questionnaire of Blair Division of Blair & Co., Inc. at September 26, 1969, and have reported thereon under date of December 5, 1969. Reference is made to that report wherein certain matters are discussed relative to the scope of our examination being limited to the books and records of Blair Division. Furthermore, the examination would not necessarily disclose all material inadequacies which may have existed in the accounting system, the internal accounting control, and procedures for safeguarding securities of Blair Division of Blair & Co., Inc. since our last examination at May 31, 1968 (prior to the acquisition of Schwabacher & Co., now Schwabacher Division of Blair & Co., Inc.).

Based on our examination described above, we found certain inadequacies in the accounting system, the internal accounting control and procedures for safeguarding securities which, in our opinion, were material in the circumstances. This supplementary report concerning these material inadequacies is furnished pursuant to the audit requirements of the New York Stock Exchange and the Securities and Exchange Commission and is deemed confidential. The material inadequacies, with an indication of corrective action taken were as follows:

During the period Respondent conducted cycle counts of securities and certain other internal accountability procedures. However, differences identified in connection therewith, while controlled through the use of separate accounts were not cleared up in a timely manner in all cases. Consequently, certain security positions and ledger balances remained unresolved or resulted in charges to profit and loss at September 26, 1969 (see Question 13 and Note 2, Part I).

E 227

Plaintiffs' Exhibit 48

Respondent is continuing its efforts to determine the cause of the remaining unallocated security positions preliminary to adjustment therefor. It is also continuing its research and collection efforts with respect to the above-mentioned ledger balances.

Respondent is in the process of converting its accounting and operations to the Midwest Stock Exchange Service Corporation system in order to be compatible with Schwabacher Division of Blair & Co., Inc.

Arthur Young & Company

December 5, 1969

E 228

PLAINTIFFS' EXHIBIT 49

ANSWERS TO FINANCIAL QUESTIONNAIRE BY SCHWABACHER DIVISION
a/o JUNE 27, 1969 (PART I) (AUDITED), AUGUST 15, 1969

SCHWABACHER DIVISION OF
BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

PART I

JUNE 27, 1969

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

E 229

Plaintiffs' Exhibit 49

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form X-17A-5

Information Required of Certain Members, Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER
424

FOR SEC USE

LOCATION	DATE OF REPORT	DOCUMENT SEQ. NO.	

OF REGISTRANT (*If individual, state last, first, middle name*)

CHWABACHER DIVISION OF BLAIR & CO., INC.

I.R.S. Employer Identification or Social Security No.

13-5537840

UNDER WHICH BUSINESS IS CONDUCTED (*If different*)

SS OF PRINCIPAL PLACE OF BUSINESS
Number and Street | *City* | *State* | *ZIP Code*

00 MONTGOMERY STREET | SAN FRANCISCO | CALIFORNIA | 94104

TACHED REPORT reflects the financial condition of the above registrant as of: (Date)

June 27, 1969

ENDENT PUBLIC ACCOUNTANT whose Opinion is contained in this Report
ame (*If individual, state last, first, middle name*)

I.R.S. Employer Identification or Social Security No.

rthur Young & Company

13-5554208

dress *Number and Street* | *City* | *State* | *ZIP Code*

20 Montgomery Street | San Francisco | California | 94104

eck one--

FOR SEC USE

[x] Certified Public Accountant

[ ] Public Accountant

[ ] Accountant not resident in United States or any of its possessions

EPORT CONSISTS OF (*Check below*)

[x] Part I--Financial Information

[ ] Part II--Supporting Schedules

[x] Accountant's Certificate

DO NOT WRITE BELOW THIS LINE . . . FOR SEC USE ONLY

U.S. GOVERNMENT PRINTING OFFICE 1967—O-259-225

E 230

Plaintiffs' Exhibit 49

ARTHUR YOUNG & COMPANY

120 MONTGOMERY STREET
SAN FRANCISCO 94104

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

We have examined the accompanying Answers to Financial Questionnaire (Part I) of Schwabacher Division of Blair & Co., Inc. at June 27, 1969. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Our examination included a review of the accounting system, the internal accounting control and procedures for safeguarding securities, including appropriate tests thereof for the period from March 1, 1969, the date Schwabacher & Co. (now Schwabacher Division of Blair & Co., Inc.) was acquired by Blair & Co., Inc., and the other auditing procedures prescribed by the New York Stock Exchange and by the Securities and Exchange Commission.

Our examination was restricted solely to financial data contained in the books and records of Schwabacher Division of Blair & Co., Inc. and did not include a determination as to whether or not there were financial transactions recorded in the other books and records of Blair & Co., Inc. which affected its Schwabacher Division. However, the inter-division (Questions 4 and 13) and capital accounts (Question 11) in the accompanying Answers to Financial Questionnaire (Part I), which we did not verify in accordance with generally accepted auditing standards, were agreed to the applicable data (unaudited) in the other books and records of Blair & Co., Inc. at June 27, 1969.

E 231

Plaintiffs' Exhibit 48

In our opinion, except for such adjustments, if any, as may have resulted without the limitation of our examination, described above, and subject to the possible effect of the liabilities and accountabilities of Blair & Co., Inc. as a whole on the financial condition of its Schwabacher Division, the Answers to Financial Questionnaire (Part I) mentioned above presents fairly the financial position of Schwabacher Division of Blair & Co., Inc. at June 27, 1969 in the form required by the New York Stock Exchange and by the Securities and Exchange Commission, in conformity with generally accepted accounting principles.

Arthur Young & Company

August 15, 1969

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question	Ledger balances		Security valuations		Commodity	
	Debit	Credit	Long	Short	Losses	Gains
1. Bank balances and other deposits:						
Cash on hand and in banks:						
Free balances	$ 1,746,252					
Segregated commodity funds	12,172					
Deposits with clearing organizations	31,000			$ 40,000		
Good faith deposits	6,055					
2. Money borrowed and accounts carried for respondent by other banking or brokerage houses, secured by or containing customers' collateral:						
A. (1) Money borrowed from banks		$20,700,000		26,048,540		
B. Accounts carried by other banking or brokerage houses, including omnibus accounts -						
(1) Securities accounts:						
(a) Accounts with net debit balances	155,659		$ 141,574			
(b) Accounts with net credit balances		161,742	1,377,514	1,646,362		
(2) Commodities accounts:						
(a) Regulated commodities future accounts -	109,475				$ 4,292	$14,945
(ii) Accounts liquidating to a deficit						
(b) Nonregulated commodities future accounts -	74,218				578	57,115
(ii) Accounts liquidating to a deficit						
3. Money borrowed and accounts carried for respondent by other banking or brokerage houses, unsecured or secured entirely by collateral owned by respondent and its officers and directors or by securities covered by "satisfactory subordination agreements":						
A. Money borrowed -						
(1) From banks (including securities valued at $10,136 not owned by respondent)		125,000		188,816		
(3) From others - unsecured		73,000				
4. Other accounts and open items with brokers and dealers						
A. Securities borrowed	560,086		474,789			
B. Securities failed to deliver -						
(1) To Blair & Co., Inc.	328,726		288,119			
(2) To others:						
(a) Current	3,868,045		3,460,166			
(b) Outstanding 30 days or longer	1,095,206		924,718			

See accompanying notes.

E 232 Plaintiff's Exh. 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question	Ledger balances		Security valuations		Commodity
	Debit	Credit	Long	Short	Losses G
4. Other accounts and open items with brokers and dealers (Cont'd)					
D. Securities failed to receive -					
(1) From Blair & Co., Inc.		$ 223,926		$ 213,245	
(2) From others (including ledger balances of $487,480 and security valuations of $385,592 resulting from respondent's transactions)					
(a) Current		3,610,112		3,508,422	
(b) Outstanding 30 days or longer		525,940		447,233	
Dividends payable			$ 166,270		
Dividends receivable -					
(1) Current				39,963	
(2) Noncurrent				44,504	
5. Valuation of securities in box, transfer, and transit					
A. Negotiable securities in box, transfer, and transit between offices of the Company				49,489,615	
6. Customers' security accounts					
A. Bona fide cash accounts -					
(1) Accounts with debit balances	$ 2,713,248		3,119,441	455,016	
(2) Accounts with credit balances		1,352,680	290,355	1,316,799	
B. Secured accounts -					
(1) Accounts with debit balances	20,020,241		34,383,305	3,880,083	
(2) Accounts with credit balances		3,378,408	1,230,793	2,906,144	
C. Partly secured accounts (see note below*) -					
(1) Accounts with debit balances	971,769		806,738	99,637	
(2) Accounts with credit balances		109,896	89,200	465,716	
D. Unsecured accounts (see note below*)	392,655			438,311	
E. Accounts with credit balances having open contractual commitments		3,557			
F. Accounts with free credit balances		6,778,430			

See accompanying notes

E233 Plaintiff's Exh. 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question	Ledger balances		Security valuations		Commodity	
	Debit	Credit	Long	Short	Losses	Gains
6. Customers' security accounts (Cont'd)						
G. Fully-paid securities not segregated (further details at end of Part I)			$30,316,910			
Note: Customers' partly secured and unsecured accounts include debit ledger balances and short security valuations subsequently collected as follows:						
	Ledger balances	Security valuations				
Partly secured accounts	$466,794	$347,769				
Unsecured accounts	173,762	68,374				
	$640,556	$416,143				
7. Customers' commodity accounts:						
A. Accounts with open future contracts liquidating to an equity -						
(1) Regulated commodities		$ 60,176			$13,326	$ 4,292
(2) Nonregulated commodities		75,989			53,505	578
B. Accounts with open future contracts liquidating to a deficit -						
(1) Regulated commodities		842			1,619	
(2) Nonregulated commodities		3,300			3,610	
D. Unsecured debit balances	572					
E. Accounts with free credit balances -						
(1) Regulated commodities		24,605				
(2) Nonregulated commodities		4,810				
10. Trading and investment accounts of respondent:						
A. Security accounts -						
Ledger balances	1,229,679					
Exempt securities			1,040,160	$ 102,600		
Nonexempt securities			444,619	199,094		

See accompanying notes.

E234 Plaintiff's Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question	Ledger balances		Security valuations		Commodit
	Debit	Credit	Long	Short	Losses Gains
10. Trading and investment accounts of respondent (Cont'd):					
C. Other securities accounts (Note 2) -					
Ledger balances	$ 539,534				
Exempt securities			$ 37,683	$ 39,985	
Nonexempt securities			4,228,282	3,686,446	
11. Capital accounts:					
C. Corporation -					
(3) Deficit, including balances in income and expense accounts	1,381,543				
(4) Demand notes contributed as capital by officers, directors, and others (contra see Question 13)		$13,305,582			
13. Other Accounts:					
Exchange memberships, at cost (market value $960,350)	952,250				
Secured demand notes - collateralized by cash and securities (contra see Question 11)	13,305,582				
Ledger balance		366,265			
Exempt securities			371,730		
Nonexempt securities			12,567,587		
Miscellaneous receivables	24,202				
Furniture and fixtures, at cost less depreciation	518,838				
Leasehold improvements, at cost less amortization	585,421				
Prepaid expenses	129,761				
Other assets	304,934				
Dividends and interest receivable:					
Current	39,025			327,911	
Noncurrent	336,164			565,424	
Dividends and interest payable		262,447	426,393		
Accrued interest on firm-owned securities	10,524				
Accrued salesmen's commissions		176,191			
Underwriting expenses payable, net		16,167			
Accounts payable and accrued liabilities		712,183			
Due to Blair & Co., Inc.		3,494,949			
Allowance for unsecured accounts, etc.		81,500			
Lost certificates:					
Claims filed				27,535	
Claims not filed				313,229	

See accompanying notes.

E 235 Plaintiff's Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question	Ledger balances		Security valuations		Commodity	
	Debit	Credit	Long	Short	Losses	Gains
13. Other accounts (Cont'd):						
Due from partners of company acquired (Note 2)	$ 4,175,340					
Ledger balances and security positions not in balance (Note 3):						
Ledger balances	41,629	$ 32,108				
Security positions, ownership not known			$ 1,057,645			
Security positions, location not known				$ 783,361		
	$55,659,805	$55,659,605	$97,273,991	$97,273,991	$76,330	$76,930

See accompanying notes.

E236 Plaintiff's Exhibit 49

E 237

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question

14. Contractual commitments that are not recorded in a ledger account for money:

A. Commitments for account of respondent -

	Purchased		Sold	
Description	Par value	Cost	Par value	Cost proceeds
(1) When issued contracts in exempt securities:				
Gainsville, Fla. New Housing Authority, 5-1/2%, February 1, 1970	$25,000	$25,108	$25,000	$25,200
Massena, N. Y. New Housing Authority, 5-5/8%, June 1,2006	10,000	10,122	10,000	10,197
Shoshone and Kootenai Counties School District 391, 6%, May 1, 1979	10,000	10,303	10,000	10,459
Shoshone and Kootenai Counties School District 391, 5-1/2%, May 1, 1983	15,000	14,184	15,000	14,714
	$60,000	$59,717	$60,000	$60,570

See accompanying notes.

E 238

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question

14. Contractual commitments that are not recorded in a ledger account for money (Cont'd):

A. Commitments for account of respondent (Cont'd) -

Description	Valuation of long position	Good faith deposit
(2) Underwriting commitments:		
Participation in underwriting syndicates representing respondent's proportionate liability for unsold securities remaining at June 27, 1969:		
Exempt securities (Note):		
Minidoka, Jerome, and Cassis Counties Joint School District #331, Idaho, 5.8% and 6%, General Obligation School Bonds, August 1, 1970 to 1989	$229,000	
Mountain View, Calif. 1966 Municipal Improvement Bonds, Series C, 4-1/2% - 6%, June 1, 1970 to 1994	13,000	
Total exempt securities - long	$242,000	
Underwriting syndicate in process of settlement -		
Boundary County School District #101, Idaho Syndicate Manager, National Bank of Washington		$6,055

Note: The cost and market for exempt securities which are sold on a yield basis approximate and are shown here at the principal amount of the bonds.

See accompanying notes.

E 239

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

Question

15. Participations of the respondent in joint trading and investment accounts carried by others that are not recorded in a ledger account for money:

	Remaining long position	
	Total account	Respondent's liability
Joint trading accounts in exempt securities (Note):		
California Water, 3.6% - 4.1%, various	$ 85,000	$ 42,000
Los Angeles, Calif. Department of Water and Power, 5.8% and 6%, various	770,000	154,000
Roseville, Calif. 1967 Water Revenue, 5-7/8% and 6%, various	190,000	95,000
	$1,045,000	$291,000

Note: The cost and market for exempt securities which are sold on a yield basis approximate and are shown here at the principal amount of the bonds.

16. Unrecorded assets, liabilities and accountabilities:

There are several lawsuits pending against Schwabacher Division of Blair & Co., Inc. which in the opinion of its management and legal counsel are without merit.

Cash includes $3,152,843 of drafts with securities attached for which immediate credit was given subject to ultimate collection.

See accompanying notes.

E 240

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

NOTES TO ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

Note 1:

The accompanying Answers to Financial Questionnaire were prepared as of June 27, 1969. The money balances and valuations presented therein reflect numerous adjustments initiated in the course of or in connection with the certified public accountants' examination, which were processed by Schwabacher Division in the ordinary course of business subsequent to June 27, 1969.

Note 2:

The ledger balance ($539,534 debit) and security valuations ($37,683 and $4,228,282 long and $39,985 and $3,686,446 short, respectively) shown in Question 10-C, "Other securities accounts", relate to certain ledger balances and security position out-of-balance conditions and certain other ledger balances and security positions which were established as of February 28, 1969, the date Schwabacher & Co. was acquired by Blair & Co., Inc. These amounts are subject to adjustment in connection with the ultimate resolution by research and correction and/or market liquidation thereof as well as to adjustments, if any, which may be made in connection with the clearance and resolution and/or collection of other ledger balances and security positions shown elsewhere in the Answers including those in Question 13, "Ledger balances and security positions not in balance".

Under terms of certain provisions of the Blair-Schwabacher Purchase and Escrow Agreement, any gains and/or losses resulting from the resolution of those items shown in Question 10-C including subsequent adjustments thereto are to be for the account of the partners of Schwabacher & Co. and will be charged or credited to "Due from partners of company acquired" (Question 13).

Note 3:

Reference is made to Question 13, "Ledger balances and security positions not in balance". No provision has been made for the debit ledger balance ($41,629) or for the short security valuation ($783,361) and no credit has been taken for the credit ledger balance ($32,108) or the long security valuation ($1,057,645). Company personnel are continuing in their efforts to determine the cause of these differences and to make appropriate adjustments therefor.

E 241

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

uantity	Description	Ledger balance	Valuation
standing 30 through 39 calendar days:			
50,000	California State Water, 3.75%, 2012	$ 36,142	$ 36,000
5,000	Los Angeles Co. Flood Control, 5.25%, 1977	5,300	5,000
1,800	Rapid America Corp., 7%, 1994	1,218	1,224
80	Units, Tastee Freeze	15,475	12,450
10,000	Wilson & Co., 6.5%, 1988	9,560	6,800
300	United States Steel Corporation, 4.625%, 1996	219	231
3,000	United States Treasury Bills, Aug. 7, 1969	2,948	3,000
500	Air Products & Chemical, Inc.	21,000	20,500
5,000	Alco Uranium	350	350
200	Alex & Baldwin, Inc.	7,500	6,800
400	American Express Co.	26,800	25,600
7,500	Americar, Inc.	126,750	97,500
300	Beneficial Standard Corp., Cl. A	6,600	5,700
4,100	Big Horn Mining Corp.	1,558	1,558
12	Bullock Fund, Ltd.	200	204
77	Century Shares Trust	946	924
1,500	Clorox Co.	31,500	27,000
25,000	Consolidated Mines, Inc.	500	500
5,000	Control Metals Corp.	8,125	5,000
725	Copper Ridge Mines, Ltd.	2,505	1,450
27	Defiance Industries, Cl. B	250	324
3,000	East Antelope Corp.	750	750
816	Electronic Development	2,856	3,264
1,148	Enterprise Fund, Inc.	11,744	10,332
125	Fritzi of California Manufacturing Corp.	2,188	2,000
3,333	General Contracting Corp.	2,916	2,916
	Forward	$ 325,900	$277,377

E 242

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

uantity	Description	Ledger balance	Valuation
standing 30 through 39 calendar days (continued):			
	Brought forward	$ 325,900	$277,377
243	Glaxo Group, Ltd. A.D.R.	2,309	2,187
1,983	Growth Oil & Minerals	3,470	1,983
72	Warrants, Gulf & Western Industries, Inc.	702	576
15	Hawaiian Electric Co.	218	210
400	Heath Tecna Corp.	8,700	5,200
2,000	International Tech.	4,000	2,000
110	Int'l. Book Corp.	1,045	770
12	Jones & Laughlin Indust.	210	168
15	Liquid Carbonic Ind., Inc.	630	540
500	Magma Power Co.	1,688	1,000
75	Management Television	1,238	675
5,000	Marble Canyon Uranium	250	250
2	Material Science Ind., Inc.	14	22
180	MIC Investment Corp.	2,030	2,160
400	Microbiological Sciences	1,275	1,600
100	Warrants, Midwestern Gas Transmission	1,200	1,200
99	Pacific Far East Line	3,886	3,663
500	Park City Consolidated	175	175
275	Philips Gloeilampen	5,534	5,225
23	Pilot Fund, Inc.	208	184
225	Sea Containers, Inc.	4,888	2,925
10	Seven Up Company, The	675	670
275	Shareholders Capital Corp.	12,031	4,675
2,100	Smith International, Inc.	73,500	67,200
100	Southwest Gas Corp.	1,700	1,600
500	Stecher-Traung-Schmidt	7,750	7,500
10,000	Texas Uranium Corp. of Utah	1,500	1,500
	Forward	$ 466,726	$393,235

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

antity	Description	Ledger balance	Valuation
tanding 30 through 39 calendar days (continued):			
	Brought forward	$ 466,726	$393,235
1,600	Toledo Mining Co.	3,863	3,200
30	United Dollar Stores, Inc.	930	690
100	United States Banknote	3,000	2,000
1,000	Uranus, Inc.	150	150
60	URS Systems Corp.	1,755	1,560
250	Vangas, Inc.	5,000	4,750
80	Viatron Computer Systems	2,570	1,600
300	Warrants, Webb (Del E.) Corp.	4,800	4,800
604	Western Standard Uranium	4,832	2,416
1,000	Westland Minerals	2,188	1,000
200	Winter (Jack), Inc.	3,200	2,600
10,000	Woodward Oil, Inc.	800	800
68	Zions Utah Bancorp.	1,071	816
	Subtotal	500,885	419,617
standing 40 through 49 calendar days:			
10,000	Illinois St. Toll Hwy. Rev., 3.75%, 1995	8,516	7,700
35,000	Los Angeles County Flood Control, 3.75%, 1983	28,845	28,700
2,000	Louisville Gas & Elec. Co., 5.625%, 1996	1,528	1,520
5,000	Southern Cal. Metro Water Dist., 3.5%, 1983	3,968	3,950
10,000	Tenneco, Inc., 6%, 1979	10,688	10,400
900	United States Steel Corp., 4.625%, 1996	657	693
200	Alexander & Baldwin, Inc.	7,500	6,800
150	Allied Research Assoc.	694	450
1,100	Authenticolor, Inc.	9,350	5,500
	Forward	$ 71,746	$ 65,713

E 244

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER
June 27, 1969

PART I

uantity	Description	Ledger balance	Valuation
standing 40 through 49 calendar days (continued):			
	Brought forward	$ 71,746	$ 65,713
2,000	Big Horn Mining Corp.	780	780
1,980	Bullion Monarch Co.	1,921	1,980
100	Clinton Oil of Delaware	3,300	1,000
16	Computer Usage Co., Inc.	432	256
5,000	Consolidated Resources	2,500	2,500
6,000	Control Metals Corp.	9,500	6,000
4,000	East Antelope Corp.	900	800
200	Edgington Oil Co.	2,875	2,000
800	Federal Oil Co. of Nevada	1,675	1,600
350	Fletcher Capital Fund	3,500	2,800
128	Fox Stanley Photo Prod.	4,288	3,968
5	Great American Corp.	114	110
100	Harrell International	875	700
100	Int'l. Book Corp.	1,47[illegible]	700
150	Landsverk Electrometer	713	450
12	Liquid Carbonic Ind., Inc.	504	432
22	Manufacturers Hanover	1,400	1,276
100	McIntyre Porcupine Mines	12,900	11,100
20	Middle Witwatersrand, Ltd.	305	260
183	Philips Gloeilampen N.Y. shares	3,431	3,477
33	Randy Industries, Inc.	215	132
100	Reading Co., 4% pfd.	2,200	1,800
6,000	Royal Executive Ins. of America	12,625	12,000
150	Royco Instrument, Inc.	4,350	4,200
200	Sage Oil Co., Inc.	1,610	1,200
100	Sav-On, Inc.	700	700
5,000	Silver Star-Queens Mines	2,750	2,750
100	SMC Investment Corp.	1,538	1,200
	Forward	$ 151,072	$131,884

E 245

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

ntity	Description	Ledger balance	Valuation
anding 40 through 49 calendar days (continued):			
	Brought forward	$ 151,072	$131,884
5	Standard Computers, Inc.	145	126
5,000	Strategic Metals Resources, Inc.	9,500	5,000
1,000	Surety Life Ins. Co. Utah	8,500	6,000
10	Units, Tastee Freeze	2,003	1,500
34	Thompson (John R.) Co.	1,613	714
10	Tracor, Inc.	440	310
200	Warrants, U. S. Smelting Co.	2,893	3,000
236	Utah Concrete Pipe	1,593	1,180
230	Vanguard Studios	6,390	4,140
125	Wabash International	344	250
15	Whittaker Corp., conv. pfd., Ser. A, $1.25 cum.	885	810
200	Warrants, Whittaker Corp.	2,479	2,400
200	Zions Utah Bancorp.	3,000	2,400
	Subtotal	190,857	159,714
standing 50 through 59 calendar days:			
100	AMK Corp. Reg. CVSBDB, 5.5%, 1994	81	75
7,000	Central RR of New Jersey, 3.25%, 1987	2,310	1,960
1,000	Consol. Edison of NY, 5%, 1990	793	770
35,000	St. California Water, 4.8%, 1995	33,250	33,250
5,000	Tenneco, Inc., 6%, 1979	5,256	5,200
50	Amadac Industries	438	450
168	Warrants, Bangor Punta Corp.	1,764	1,680
1,000	Big Horn Mining Corp.	400	400
1,500	Blue Crown Petroleums	6,188	4,500
50	Canada Packers Ltd.	861	850
200	Champion Industries Co.	50	50
	Forward	$ 51,391	$ 49,185

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

tity	Description	Ledger balance	Valuation
nding 50 through 59 calendar days (continued):			
	Brought forward	$ 51,391	$ 49,185
80	Chance, A. B. Co.	2,060	1,760
200	Chief Consldtd. Mining Co.	814	1,400
034	Control Metals Corp.	2,543	2,034
5	Crutcher Resources Corp.	83	80
200	Federal Oil Co. of Nevada	3,188	2,400
75	General Laser	638	450
500	Globe Minerals	875	500
20	Harrell International	185	140
100	Hyster Company	4,825	4,200
100	ISI Corp.	963	800
75	Kaiser Steel Corp.	4,331	5,100
200	Kashmir Oil, Inc.	90	90
400	Kennebec Consolidated	1,777	2,000
15	Liquid Carbonic Ind., Inc.	615	540
100	Logic Corp.	1,050	900
633	MIC Investment Corp.	6,497	7,596
400	Microbiological Sciences	1,100	1,600
200	Milo Components, Inc. Cl. A	1,500	1,400
500	National Research Assoc., Inc.	2,000	1,500
140	NLT Corp.	4,515	4,060
12	Programs and Analysis, Inc.	66	60
240	Robins Industries Corp.	3,070	1,680
,000	Silver Butte Mines Co.	3,570	4,000
,000	Taylor International Corp.	13,500	7,000
500	Tri-State Exploration & Development	375	375
	Subtotal	$ 111,621	$100,850

E 247

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

tity	Description	Ledger balance	Valuation
nding	60 calendar days or over:		
,000	Consol. Edison of NY, 5%, 1990	$ 3,953	$ 3,850
,000	Federal Land Bank, 6.70%, 1970	5,0 7	4,900
,000	Sola Basic Ind., 4.5%, 1992	2,087	2,000
200	Alden Electronic & Impulse	1,550	800
110	Amadac Industries	913	990
96	American Leisure Corp.	456	288
50	Applied Data Research	1,600	1,450
64	Argonaut Insurance Co.	3,280	3,264
2	Associated Mortgage Co.	33	26
72	Automatic Industries	3,450	936
,000	Bankers Uranium	730	730
225	Bank of Hawaii	13,725	12,600
,000	Big Horn Mining Corp.	1,000	1,000
250	Bullion Exploration Co.	523	250
146	Chemical Fund, Inc.	2,727	2,774
,000	Consolidated Ind., Inc.	1,750	1,750
23	Consolidated Silver Corp.	138	69
17	Consumers National Life	187	153
,000	Continental Dynamics, Inc.	1,020	1,740
200	Copper Ridge Mines, Ltd.	598	400
10	Dayco Corp., 4.25% pfd.	1,000	970
100	Denny's Restaurants, Inc.	7,775	3,100
50	Decorator Indust., Inc.	850	650
.,500	Distillers & Vintners Corp.	2,250	1,500
5	Diversified Computer Services	68	25
1,000	Dynatron, Inc.	16,500	4,000
),000	El Dorado Mining Co.	500	500
367	Emdeka International, Inc.	1,789	1,835
150	Fairfield Technology Corp.	1,538	1,050
	Forward	$ 77,027	$ 53,600

E 248

Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

antity	Description	Ledger balance	Valuation
standing 60 calendar days or over (continued):			
	Brought forward	$ 77,027	$ 53,600
5,000	Federal Gold & Silver	650	650
463	Fidelity Trend Fund	12,603	11,575
280	Warrants, First Mortgage Investment Co.	4,270	2,800
90	Fletcher Capital Fund	985	720
150	FMC Corp., $2.25 pfd.	7,800	6,300
13,000	Gem Uranium & Oil Utah	1,560	1,560
1,200	Globe Hill Mining Co.	940	940
500	Great Western Mines Co.	170	170
300	Hedge Fund of America	4,801	4,200
65	Hesston Corp.	1,186	975
1,150	Homestead Minerals Corp.	5,038	3,450
24,500	Imperial Uranium, Inc.	11,490	11,490
501	Interequity Ind., Inc.	440	501
111	Investment Company of America	1,799	1,443
200	Japan Airlines	775	800
37	Kaiser Steel Corp.	2,313	2,516
150	Libya Mercury Pete	188	150
3,000	Lightning Uranium	600	600
25	Lilly (Eli) & Co.	1,900	1,825
100	Logic Corp.	1,300	900
180	Maxson Electronics Corp.	5,320	5,400
750	MIC Investment Corp.	6,225	9,000
100	Midland Oil Corp.	900	300
100	Midwest Rubber Reclaim Company	2,050	1,300
720	Mineral Mountain Mining	6,030	6,030
5,000	Monada Petroleum	1,250	1,250
200	Monte Cristo Corp., New	300	200
10,000	Monument Uranium	2,500	2,500
	Forward	$ 162,410	$133,145

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

tity	Description	Ledger balance	Valuation
nding	60 calendar days or over (continued):		
	Brought forward	$ 162,410	$133,145
30	Morgan Guaranty Trust	3,360	3,510
30	Mouldings, Inc.	2,725	1,750
500	Mountain States Development	900	500
500	Warrants, National General Corp.	3,500	8,000
500	Nationwide Ind., Inc.	15,750	3,500
3	Nova Tech, Inc.	83	30
,000	Park City Consolidated	1,360	1,360
,000	Pennell Uranium Corp.	550	550
500	Permaneer Corporation	13,000	17,000
750	Progress Corp.	600	600
50	George Putnam Fund	839	750
50	Republic Corporation	3,338	1,450
10	Sanitas Service Corp., Old	330	140
,000	Silver Empire Mines Utah	350	3[illegible]0
,000	SMC Investment Corp.	15,750	12,000
40	Sovereign Corp.	640	440
193	Steadman Science & Growth Fund	1,214	1,158
55	Steel Crest Homes, Inc.	96	55
800	Strategic Automated Systems Int'l.	2,400	4,000
,000	Telefonds de Mexico S.A.	7,800	7,000
130	Telephone Utilities	2,088	1,820
,000	Texas Uranium Corp. of Utah	2,300	2,000
100	Thrift Drug Co.	6,950	6,500
,500	Top Notch Uranium	450	450
,000	Trans-Pacific Enterprises	9,000	4,000
,000	Tri-State, Inc.	8,000	8,000
100	U.N. Industries	800	800
	Forward	$ 266,583	$220,858

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO DELIVER OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

ntity	Description	Ledger balance	Valuation
anding 60 calendar days or over (continued):			
	Brought forward	$ 266,583	$220,858
200	United Equities, Inc.	1,100	600
400	United National Investors	2,900	3,600
154	URS Systems Corp.	5,044	4,004
20	U. S. Finance of Florida	880	820
100	U. S. Servicator	25	25
40	Wellington Fund, Inc.	511	480
200	Winn-Dixie Stores, Inc.	7,000	6,800
6,000	Yellow Wing Uranium Co.	450	450
300	Yuba Industries, Inc.	7,350	6,900
	Subtotal	291,843	244,537
	Total	$1,095,206	$924,718

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO RECEIVE OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

Quantity	Description	Ledger balance	Valuation
$ 3,000	Beneficial Finance Co. deb., 5%, 1977	$ 2,550	$ 2,520
$ 5,000	State of California Veterans, 3%, 1982	3,536	3,500
$25,000	State of California Water, 4.10%, 2014	19,664	18,750
$50,000	California State Water, 3.75%, 2012	36,079	36,000
$ 5,000	Fullerton School Dist., 4%, 1975	4,762	4,750
$50,000	Los Angeles CSD, 3.25%, 1974	46,534	45,000
$ 6,000	Pacific Power & Light, 4.25%, 1988	4,253	4,260
$ 2,000	Pacific Southwest Airlines, 6%, 1987	1,512	1,380
$16,000	Purex Corp., Ltd., 4.875%, 1994	15,853	15,040
20	ABK Co. Industries, Inc.	220	220
200	Acme Electric Corp. N.Y.	2,700	2,600
4	Aileen, Inc.	152	148
400	Allegheny Beverage Corp.	4,750	2,800
125	Alexander & Baldwin, Inc.	6,347	4,250
100	Alumcraft Marine	1,125	700
340	American Nuclear Corp.	6,830	3,400
100	Automation Industries	1,663	1,300
50	Avemco Corp.	588	450
200	Bethlehem Corp.	4,000	2,400
100	Boise Cascade Corp.	7,800	6,200
1,100	California Health Care	15,350	13,200
50	Capital Bancshares, Inc.	513	350
250	Coachmen Industries, Inc.	5,363	4,250
125	Commercial International	953	875
200	Data Products Corp.	3,400	3,000
65	Data-Ram Corp.	1,097	650
200	Davidson Optronics, Inc.	7,400	5,400
1,300	Detroit Industries, Ltd.	7,438	3,900
25	Diversa, Inc.	475	75
400	Edgington Oil Co.	5,750	4,000
	Forward	$218,657	$191,368

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO RECEIVE OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

tity	Description	Ledger balance	Valuation
	Brought forward	$218,657	$191,368
100	Ethyl Corp., $2.40 pfd.	5,000	4,600
134	Executive Growth Plans	1,382	804
50	First Hawaiian Bank	2,331	2,050
50	Foundation Life Ins. Co.	281	200
100	Global Ind., Class A	825	600
50	Heuristic Concepts	325	200
50	Hydro Flame Corp.	650	500
50	Imex Corp.	381	300
100	Industrial Acoustics Co.	1,150	800
800	Intercoast Life Ins. Co.	9,800	7,200
10	Inter Island Resorts, Ltd.	220	150
20	King Resources Co. Maine	1,675	1,400
60	Leggett and Platt, Inc.	1,140	840
200	Lockheed Aircraft Corp.	5,800	5,400
200	MacDonald, E. F. Company	3,000	2,600
200	Magellan Petroleum	1,776	1,400
490	Medical Investment Corp.	8,855	6,370
100	Midland Oil Corp.	450	300
100	Mine Safety Appliances, 4.25% pfd.	3,600	3,600
300	Mobile Homes Industries	15,000	13,500
,000	Motch & Merryweather	12,000	10,000
20	Mouldings, Inc.	865	700
100	Mr. Steak, Inc.	2,825	3,700
30	Warrants, N.V.F. Corp.	334	330
350	National Petroleum Corp.	2,188	1,400
100	Natomas Co.	9,364	9,700
50	NCC Leasing, Inc.	413	250
47	Norton Simon, Inc.	1,810	2,068
11	Norton Simon, Inc., Ser. A, $1.60 pfd.	517	484
203	Pacific American, Inc.	7,207	5,278
	Forward	$319,821	$278,092

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

SECURITIES FAILED TO RECEIVE OUTSTANDING 30 DAYS OR LONGER

June 27, 1969

PART I

Quantity	Description	Ledger balance	Valuation
	Brought forward	$319,821	$278,092
200	Pacific Gas & Electric	7,800	4,400
4	Prudent Resources Trust	120	104
1,000	Ranger Oil of Canada Ltd.	20,188	15,000
200	Rem Metals, Inc.	2,350	1,800
900	Roan Selection Tr. Am. Shs.	7,737	6,300
100	Robertshaw Controls Co.	3,800	3,600
100	Rucker Co.	2,100	1,900
600	Ryder System, Inc.	21,000	19,800
825	Sambo's Restaurants, Inc.	22,713	14,850
15	Santa Fe Industries	478	435
1,500	Seaboard Coast Line R.R.	66,000	58,500
80	Showboat, Inc.	1,720	800
10	SMC Investment Corp.	154	120
100	Space Ordinance Systems	350	200
100	Trico Oil & Gas Co.	813	600
125	U. N. Industries	1,113	1,000
75	United Equities	375	225
125	University Computing Co.	10,340	9,180
100	U. S. Home & Development	3,300	2,700
100	U. S. Gypsum	8,400	7,200
110	Vangas, Inc.	1,925	2,090
155	Viatron Computer Systems	4,301	3,030
60	Vol-Air, Inc.	630	420
100	Warnco, Inc.	3,338	2,600
50	Webb Resources, Inc.	888	650
400	White Consolidated, Inc.	11,600	8,400
51	Warrants, Whittaker Corp.	502	357
60	Zoecon Corp.	2,084	2,880
		$525,940	$447,233

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Plaintiffs' Exhibit 49

SCHWABACHER DIVISION OF BLAIR & CO., INC.

ANSWERS TO FINANCIAL QUESTIONNAIRE

June 27, 1969

PART I

SUMMARY OF CUSTOMERS' FULLY-PAID SECURITIES NOT SEGREGATED REPORTED IN ANSWER TO QUESTION 6G

Location	Valuation
ll to receive	$ 4,017,346
nsfer	3,945,066
c	9,457,128
stomer short	3,664,929
ock dividend	744,426
rm inventory	1,795,278
an (subsequently withdrawn)	6,155,070
st certificates	208,830
reconciled differences	328,837
	$30,316,910

Customers' fully-paid securities not segregated includes curities valued at $20,448,080 ordered into bulk segregation but t yet moved at June 27, 1969. Respondent advises that substantily all of these items were either sold, delivered, or moved into gregation subsequent to June 27, 1969.

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PLAINTIFFS' EXHIBIT 54A

MEMO BY SEC, APRIL 21, 1970

MEMORANDUM OF OFFICE CONFERENCE

April 21, 1970

Subject: Blair & Company, Inc.
(Blair - Schwabacher)

Present: For the Commission:

William D. Moran - Associate Regional Administrator
Paul Chernis - Assistant Regional Administrator
Joseph O. Barton - Chief, Branch of Broker-Dealer Inspection
Dennis J. Block - Chief, Branch #4
Stephen D. Oestreich - Attorney

Blair & Company:

Mr. James Ramsey Jr. - President of Blair & Co.
Mr. Oliver Deg. Vanderbilt - Chairman of the Board
Joseph C. Daley, Esq. - Mudge, Rose, Guthrie & Alexander
Norman Segal, Esq. - Mudge, Rose, Guthrie & Alexander
John Degman, Coordinator - New York Stock Exchange

This conference was convened on April 15, 1970 at the request of Mr. Daley.

Mr. Moran briefly reviewed the net capital situation of Blair & Co. and the programs which have been and are currently being implemented to correct Blair's net capital problems. Mr. Moran noted that although Blair & Co. had sold almost $4 million worth of secured demand notes ("SDN") and that Blair's recent figures indicate an excess of $1.2 million in net capital, the

"fail" situation as of yet has not been corrected. This situation could possibly, place Blair & Co. out of compliance with the net capital rule of the New York Stock Exchange. He also reminded those present that it was Blair's estimate that this fail situation would not be cleared up for another 4-6 months.

Mr. Daley stated that Mr. Morpurgo will forward estimated subsidiary ledger totals directly to Joseph Barton. Mr. Daley said that Mr. Morpurgo had told him that the figures presented as of February 28, 1970 contained only estimates of the subsidiary account totals because of the need for totalled figures at the time of the preparation of the reports. Mr. Daley now states that further research has shown those February figures to be better than the first estimates had anticipated.

Mr. Moran reiterated Mr. Sporkin's remarks of our last meeting at which Mr. Sporkin expressed fears that should Blair fold up and the public suffer losses as a result, Congress will seriously question the Commission's judgment in not closing Blair's doors pending the resolution of their capital and operational difficulties.

Mr. Daley commented that in the customer complaint area, Mr. George Saks of Blair's compliance department will be in constant communication with Dorsey Hendricks of the complaint section of the New York Regional Office. He added that it would take 2-3 months to make a dent in the complaint situation in the New York and Boston areas. They are concentrating at this time on corrections in customer's monthly statements.

Mr. Vanderbilt said that Blair & Co. at this time is looking for additional capital. He is currently involved in preliminary discussions with a large corporation which is looking to enter into a joint effort with a "Wall Street" firm. This corporation would make available a considerable amount of capital to Blair & Co. Mr. Vanderbilt thinks the amount of money would be in the neighborhood of $10 million. He said he would know one way or another about this proposed agreement in about 1-2 weeks. The corporation in question is not presently involved in the business of Wall Street.

Mr. Moran asked the gentlemen from Blair if they would be willing to put more money into Blair & Co. if the March 31 figures indicated the situation had worsened. Mr. Vanderbilt's answer was affirmative. He stated that another $1.5 million could be raised internally.

Mr. Ramsey added that Mr. Morpurgo told him that there is a probability of the existance of 1 - 1.5 million dollars "found" money in the firm at the present time. This could be "found" with the resolving of stock record differences. This would be immediately added to capital.

Mr. Moran at this time reminded Mr. Daley of the need for Blair to submit concrete proposals to this office on how Blair intends to improve its operational picture.

Mr. Vanderbilt continued stating that Blair had various assets which could be sold if necessary to increase the available capital of Blair & Co. Included in these assets is large stock position in a privately held affiliated corporation which deals in venture capital operations and the setting up of limited partnership deals. Blair's interest in this company has an estimated value of 1.5 - 2.5 million dollars if put up for sale in a private transaction.

Mr. Moran said that he has received a call from the Commission's San Francisco Regional Office in reference to a complaint by a SDN holder named Danford. Danford, a retired partner in Schwabacher & Co., left his SDN in the form of 1.8 million dollars in underlying securities with Blair at the time of his retirement. He has told the San Francisco Regional Office that he had received 12 hours notice as to the liquidation procedure involving his securities. Mr. Moran pointed out that if Mr. Danford's complaint has merit and if there are others who have been trdated similarly, there is the strong possibility that the 1.2 million dollar excess in the net capital account may be "tainted." Mr. Moran noted that there is a contemplated suit by four other individuals against Blair & Co. charging fraud in the liquidation procedure. Mr. Segal noted that the liquidation of the Subordinated Demand Notes was effectuated pursuant to the Subordinated Demand Note agreement.

The parties concerned were notified by telegram and by telephone. In return for their Subordinated Demand Notes which were liquidated, the investors received unsecured 8% debentures. Segal further noted that Damford is locked into his loan to Blair by the terms of the original agreement with Schwabacher until February 28, 1971. Some of the investors have 18 months to go on their agreements.

Mr. Ramsey reiterated that Mr. Danford and the SDN holders were notified by telegram and by telephone. He added that investors had a choice of eitherliquidating their securities, or of contributing more cash into the firm in exchange for their securities. If the investors took the first option, they had the additional choice of which securities were to be liquidated first. Danford said he was going out of town and that Blair & Co. should handle the entire liquidation of his SDN as it saw fit.

Mr. Ramsey then gave those present a brief history of the Blair - Schwabacher merger. The original negotiations took place over a 5 month period. During that period Schwabacher's operation was in poor shape and under the advice of Arthur Anderson & Co. and Arthur Young & Co. Blair backed away from the negotiations. Negotiations were re-opened by Bill Lendman, the then president of Blair & Co., because Schwabacher appeared to have resolved its difficulties to a great extent. Lendman was to run the west coast operation and Ramsey was to run Blair east. After one month Bill Lendman suddenly and unexpectedly resigned. Ramsey stated that Blair knew that running the Blair organization as two operations was unfeasible, but they had to do so for a period of time before they could be merged into one. A broken audit was carried out, one for Blair "East" and one for Schwabacher (Blair "West"). At this time the west was on computors and the east was not. The Midwest System was to supply Blair with people to implement the conversion of Blair & Co. (East) to their system and thus eliminate the need for two clearing numbers. Blair's California people were brought in to assist the conversion in the East. The trouble began, Ramsey emphasized, on November 17, 1969 when conversion began and the two back offices came together.

Mr. Morpurgo, of the Midwest System, was hired by Blair at this time, as an advisor on the conversion. Morpurgo felt that 6-8 weeks would be necessary to effect the conversion to the Midwest Systems and to start operating effectively under that system. After the eight week trial period when the convetted operation was not operating smoothly, Morpurgo introduced a plan to get the system working more

effectively. A letter outlining these programs dated February 18, 1970 has been submitted to the staff and is attached to the memorandum in this matter dated April 10, 1970. Mr. Ramsey has asked Morpurgo to remain at Blair & Co. in a semi-permanent position for a period of time to continue to oversee the effort to improve Blair's operational difficulties. Morpurgo told Ramsey that in 3-4 months he would have the operational difficulties cleared up. Ramsey expressed a great deal of confidence in Morpurgo's opinion.

In December Mr. Ramsey called a meeting to obtain the opinions of the outside and inside holders of subordinated demand notes. The feeling of the meeting was that there was much more capital wrapped up in the firm than the balance sheets indicated, perhaps as much as 10 million dollars. Mr. Ramsey did think that this figure was inflated to some extent. Ramsey stated that he would only sell the inside SDNs and not the outside ones. Ramsey expressed the opinion that it would be unthinkable to sell out the outside SDN$.

Mr. Chernis asked Mr. Ramsey how far would the present management of Blair & Co. go in terms of dollars to save the firm.

Mr. Daley interjected at this point to review the three areas where Blair hoped to obtain additional capital.

1. 1. - 1.5 million raised internally;
2. 1 - 2 million from selling the Blair interest in an affiliated corporation; and
3. Unlimited capital from the company with which Blair is negotiating, if the deal is consummated.

Mr. Moran stressed at this time that Blair should come in to see him voluntarily with further detailed plans to cure their ills so he does not have to continually be on their back.

Mr. Ramsey addressed himself to Mr. Chernis' open question at this time. He began by saying that Blair & Co. has attempted further mergers with member firms on Wall Street but no firm seems to have sufficient capital at this time to enter into such a deal. He continued by stating that Blair & Co. has disposed of some branch offices and is planning more closings in the near future. Blair is trying to raise more Subordinated Demand Notes but he

realizes that good money should not be thrown after bad. Blair, he said, will not stretch its credibility but he feels liquidation of the firm will do far more damage than trying to make a go of it, at this time. Mr. Ramsey emphasized that if the restrictions placed on Blair & Co. by the New York Stock Exchange and the Securities and Exchange Commission are too severe, then the firm will have to liquidate.

Mr. Moran again stressed the fact that the New York Regional Office cannot wait forever and that even though the Blair management is realistic, Washington will probably want to speak to them directly on their proposed ideas to remedy their situation.

Mr. Vanderbilt concluded the conference by stating that it is Blair's view that their problems arose because of the failure of the "Midwest" people to convert their company in the proper manner and that their operational difficulties arose out of that conversion.

E 261

PLAINTIFFS' EXHIBIT 56A

MEMO DEIGNAN TO STOCK, DECEMBER 1, 1969

MEMORANDUM

December 1, 1969

To: Fred J. Stock, Jr.

Fred:

How do you feel about this request of Blair & Co., Inc. for further extensions on submission of a Special Financial Questionnaire covering the Schwabacher Division and a Regular Financial Questionnaire for the East Coast Division. With respect to the Schwabacher questionnaire we have already granted three extensions covering a total of 45 days. On the East Coast Division Regular Questionnaire we have granted one two week extension.

The firm puts up some rather logical arguments for the extension, but frankly the additional time seems to be required only for the resolution of Stock Record differences and suspense account items. I am inclined to deny any further extension and let the auditors complete their research after the answer has been submitted.

JDD

mvn

E 262

PLAINTIFFS' EXHIBIT 57

DRAFT MINUTES OF BLAIR BOARD

M. L. Ireland

June 26, 1970

MEMORANDUM TO: DIRECTORS

FROM: B. H. HEPBURN

Enclosed are drafts of Minutes of Directors'. Meetings from October 1969 through June 26, 1970. We thought you would prefer to have them in draft form now rather than waiting for the attorneys to set them up in permanent form which takes considerable time.

When completed by the attorneys, you should receive copies of the Minutes in final form.

B. H. H.

Encl.

E 263

Plaintiffs' Exhibit 57

Minutes of Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. on Wednesday, October 29, 1969, at 3:15 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker
Emmons Bryant
Edwin A. Bueltman
William M. Cahn, Jr.
William F. Groszkruger
Benjamin H. Hepburn
Fred W. Lange
Frank Lynch
Samuel F. McNell
Thomas R. McNell
James B. Ramsey, Jr.
R. Bruce Reynann
Jay B. Samson
John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Stuart M. Beringer
Albert H. Langridge

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer
Albert E. Schwabacher, Jr.

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Mr. Vanderbilt reported result of the stockholders' vote of the issuance of $500,000 in Blair Convertible Debentures. The vote for approval totalled 91.3% with no dissenting votes. At the same time, the offer of these Convertible Debentures was extended to November 30, 1969.

The Board agreed that payment of all Preferred dividends would be deferred; also the 2% interest payable on Debentures, if earned, would not be paid.

Mr. Vanderbilt stated that the Executive Committee had added Edward I. Becker to the committee that had been formed to present valuation of non-registered securities held by the firm, in conjunction with book value. After discussion,

Mr. Becker was made Chairman of this committee whose other members are Stuart M. Beringer, Emmons Bryant and Fred W. Lange.

Mr. Ramsey gave a brief report on the meetings he held on the West Coast on October 6th and 7th.

On motion made, seconded and carried, Melville H. Ireland was elected a director, filling the vacancy created by the resignation of Stephen T. Monahan.

Approval granted for Emmons Bryant to become director of Educational Coordimtes.

Mr. Vanderbilt stated that the Executive Committee had approved the issuance of a new fund to be called Blair Growth Fund. On motion made, seconded and carried, the Board approved such a fund. Thomas R. McNell then discussed the reason for the need of additional type funds.

William Groszkruger was asked to comment on the increase of tickets per account executive during the past month. At the same time, it was acknowledged that many branches were over-staffed clerically and that action had been started to correct this condition on a 1 for 2 ratio (1 clerical for 2 sales).

The Board approved a resolution authorizing a new Stock Clearing Corporation number - #368. Resolution was also made for an American Stock Exchange Clearing Corporation number - #368.. NASD OTC Clearing Corp.

Approval granted for Theodore S. Brown, Assistant Manager of Boston office, to become director of Atcor, Inc.

Approval granted for new bank account for Philadelphia office - Industrial Valley Bank-replacing First Pennsylvania Company account, and for any two of the following persons to be authorized to sign checks - Richard V. Camp, John J. Burgess, George E. Nixdorf, Larry C. Hickman, Marcia Weinstein.

Approval also granted for Philadelphia office to have Safe Deposit Box at Industrial Valley Bank, to be used only for checks or cash received after deposit

time, with any two of the following authorized to have access to Safe Deposit Box - John J. Burgess, Larry C. Hickman, Marcia Weinstein.

Approval granted for new bank account for New Haven office - First New Haven National Bank - replacing Union & New Haven Trust Company account, with following persons authorized to sign checks - Marvin S. Pisetsky, Martin J. DeGennaro, Thomas J. Wynne, Jean M. Head, Elizabeth K. Lloyd.

Approval granted for deposit of $25,000 in Trust Company of Georgia.

Request of James C. Riewerts, Manager of Oakland office, for opening of a Night Depository at United California Bank granted.

Approval of check signing privileges granted the following:

David P. Diestel, Manager of Los Angeles office, and Carla Cordes, Cashier, at United California Bank, Los Angeles.

Emerson P. Dwinell, Manager of the Worcester office at Worcester County National Bank.

J. Brian Skone of Atlanta office at Citizens & Southern National Bank in Atlanta.

Approval granted for checking account at Peoples National Bank of Denville, account to be used only for special situations. Any two of the following persons authorized to sign - Brian Pitcher, Donald W. LeBaron, Barbara Woods, Judy Blair.

E 266

Plaintiffs' Exhibit 57

Minutes of Regular Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. on Wednesday, December 10, 1969 at 3:15 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker	Samuel F. McNell
Stuart M. Beringer	Thomas R. McNell
Emmons Bryant	James B. Ramsey, Jr.
William F. Groszkruger	R. Bruce Reymann
Benjamin H. Hepburn	Jay B. Samson
Melville H. Ireland	John Spohler
Fred W. Lange	James J. Sullivan
Frank Lynch	Oliver DeG. Vanderbilt

Directors absent were:

Edwin A. Bueltman
William M. Cahn, Jr.
Albert H. Langridge

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

The Board approved a resolution for new Clearing House number to be effective at the close of business December 9, 1969 and discontinuance of old numbers as of that date for Stock Clearing Corporation, American Stock Exchange Clearing Corporation, National OTC Clearing Corporation.

Mr. Ramsey discussed the progress of the conversion to the Midwest System.

Meeting adjourned

E 267

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. on Friday, January 16, 1970 at 10 A.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker
Stuart M. Beringer
Edwin A. Bueltman
William M. Cahn, Jr.
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Fred W. Lange
Frank Lynch
Samuel F. McNell, Jr.
Thomas R. McNell
James B. Ramsey, Jr.
R. Bruce Reymann
John Spohler
James J. Sullivan
Oliver DeG Vanderbilt

Directors absent were:

Emmons Bryant
Albert H. Langridge

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Matthew Morgan elected Vice President and Director as of January 29, 1970. At that time he will replace Samuel F. McNell, Jr. as director, and as floor man. The Board approved a resolution authorizing the signing of an ABC Agreement with Matthew Morgan. Authorization given to sell Morgan 271 shares of Common stock at $1 per share and 237 shares of $4 Preferred stock at $20 per share (dividend limited to 5% of cost or $1 per year if earned)

Mr. Vanderbilt advised the Board that James J. Sullivan, Chairman of the Executive Committee for many years, had tendered his resignation as a member of the Executive Committee. The resignation was accepted with regret and with an expression of appreciation for the many years of valuable service. Mr. Sullivan will continue as an officer and director and remain active in the employ of Blair.

E 268

Plaintiffs' Exhibit 57

It was noted that this week's issue of Business Week magazine had a rather lenghty article on Capital Management Corporation.

Mr. Vanderbilt asked Mr. Ramsey to give a report on the capital meeting of January 15, 1970. After some discussion, Mr. Ramsey requested that the meeting be re-convened at the direction of the Chairman.

Meeting adjourned at 10:30 A.M.

E 269

Plaintiffs' Exhibit 57

BLAIR & CO., INC.

RESOLUTIONS ADOPTED AT THE MEETING
OF THE BOARD OF DIRECTORS HELD JANUARY 15, 1970

"WHEREAS, the Board of Directors of this Corporation deem it advisable and in the best interests of the Corporation to amend its existing Profit-Sharing Plan to provide for a change in the contribution formula and to combine the same with the Profit-Sharing Plan formerly in effect at Schwabacher & Co., and

"WHEREAS, the Board of Directors likewise deems it to the best interests of the Corporation to enter into an Amended and Restated Indenture of Trust under said Plan and to confirm the appointment of the Trustees under said Indenture.

"NOW, THEREFORE, BE IT

"RESOLVED, that the Combined Blair & Co., Inc. and Schwabacher & Co. Profit-Sharing Plan Agreement to be entered into by this Corporation for the benefit of employees of the Corporation who qualify as

participants in the Plan, as defined therein, substantially in the form presented to and discussed at this meeting, be, and it hereby is, approved and adopted, effective as of January 1, 1970, subject to approval by the Internal Revenue Service, and further subject to such changes, if any, therein as shall be approved by the officers of this Corporation executing the same on behalf of this Corporation, such approval to be evidenced by their execution and delivery thereof; and further

"RESOLVED, that the Amended and Restated Indenture of Trust to be entered into pursuant to the Combined Blair & Co., Inc. and Schwabacher & Co. Profit-Sharing Plan Agreement, substantially in the form presented to and discussed at this meeting, be, and it hereby is, approved and adopted, effective as of January 1, 1970, and Thomas R. McNell, John Spohler, Fred W. Lange and Bruce M. Beringer are hereby appointed as co-Trustees under the Indenture, until their death, removal or resignation as provided for therein; and further

RESOLVED, that the proper officers of this Corporation be, and they hereby are, and each of them hereby is, authorized and empowered at any time and from time to time, in the name and on behalf of this Corporation and under or without its corporate seal affixed or attested, or otherwise, to do all such things, make all such demands, furnish all

such reports and documents and sign and deliver all such papers, including, without limitation, the said Combined Blair & Co., Inc. and Schwabacher & Co. Profit-Sharing Plan Agreement and the said Amended and Restated Indenture of Trust, as may be necessary or desirable to give effect to the full intent and purpose of the foregoing resolutions."

E 272

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. on Thursday, January 22, 1970 at 2:00 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker
Emmons Bryant
Edwin A. Bueltman
William M. Cahn, Jr.
William F. Groszkruger
Benjamin H. Hepburn
Melville L. Ireland
Fred W. Lange
Frank Lynch
Samuel F. McNell, Jr.
James B. Ramsey, Jr.
R. Bruce Reymann
John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Stuart M. Beringer
Albert H. Langridge
Thomas R. McNell

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Mr. Ramsey reported on the visit he and Mr. Vanderbilt had with certain members of the New York Stock Exchange regarding our plans for raising additional capital. They also discussed the holding company concept in which the Exchange people showed a great deal of interest. Mr. Vanderbilt discussed with the Board the holding company concept and Michael McClurg and William Haberle, officers of Capital Management Corporation, were invited into the meeting for discussion. They gave a brief resume of the way that departments such as Operations could be spun off from Blair. This will be explored in much greater detail at a later date.

E 273

Plaintiffs' Exhibit 57

Mr. Ramsey discussed the overall reduction of expenses and asked that every director bend his efforts toward reductions in his own department and also make general overall suggestions in writing.

Mr. Vanderbilt then discussed the Secured Demand Note Accounts with regard to the various requests that we had received for the return of these accounts to the owners. It was decided that the two accounts then due to go out (Ross and Adams) would be delivered.

It was decided that all inside Secured Demand Note Accounts would be frozen at this time.

Meeting adjourned at 5:20 P.M., subject to recall.

E 274

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. on Tuesday, February 3, 1970 at 2:10 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker
Emmons Bryant
Edwin A. Buehtman
William M. Cahn, Jr.
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
James B. Ramsey, Jr.
John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Stuart M. Beringer
Fred W. Lange
Albert H. Langridge
R. Bruce Reymann

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the Meeting and kept the Minutes thereof.

Mr. Vanderbilt announced that Lloyds of London and other British companies had refused to renew the Directors' and Officers' Liability and Reimbursement for Directors and Officers Liability policies. Accordingly, all such coverage will terminate on the expiration date of February 3, 1970. However, we have continued coverage for a period of one year on any liability which might have occurred during the life of the policy.

Mr. Ramsey announced the acceptance of Fred W. Lange's resignation as a Director and Vice President, effective as of this date.

Approval given for Carl A. Goldman to become a director of Felsway Corporation

and for John Spohler to become a director (if invited) of Polarad Corporation.

Mr. Vanderbilt read a letter from Stuart M. Beringer objecting to the Secured Demand Note Account of Alice T. Beringer being frozen by the firm. After discussion, action was deferred on the withdrawal of Alice T. Beringer's Secured Demand Note account.

Mr. Vanderbilt discussed Capital Management Corporation's part in arranging capital for Blair. At the moment, under discussion, is the sale of Blair Advisory to Capital Management and also the sale of non-registered stocks held by Blair to Capital Management.

The following committees from the Board were set up to discuss price with members of Capital Management.

Sale of Blair Advisory:

James B. Ramsey, Jr.
Benjamin H. Hepburn
Melville H. Ireland

Sale of Non-Registered stocks:

Edward I. Becker
Stuart M. Beringer
Emmons Bryant

Capital Management representatives will be Michael McClurg and William Haberle.

Mr. Vanderbilt discussed the raising of additional new capital of up to $5 million with an incentive offer of up to 50% of Blair stock, price of $4 Preferred to be $25 per share and price of Common to be $1 per share.

Meeting adjourned at 4.05, subject to being reconvened at a later date.

E 276

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y., on Tuesday, February 24, 1970 at 2:10 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker	Frank Lynch
Stuart M. Beringer	Matthew Morgan
Emmons Bryant	Thomas R. McNell
Edwin A. Bueltman	James B. Ramsey, Jr.
William M. Cahn, Jr.	John Spohler
William F. Groszkruger	James J. Sullivan
Benjamin H. Hepburn	Oliver DeG. Vanderbilt

Directors absent were:

Melville H. Ireland
Albert H. Langridge

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

The Board approved the addition of two new Trustees for Blair & Co., Inc. and Schwabacher & Co. Profit Sharing Plans, namely, Kenneth Knapp and Laurence E. Carpenter.

David Brazil and Charles E. Lowrey were added to the Board of Directors.

The meeting was turned over to Mr. Ramsey for discussion regarding our capital position and he advised the Board that he had received a letter from the New York Stock Exchange regarding the same (should letter be included in the Minutes? - Check with J.R.)

The method of meeting these requirements was discussed, quite some time

being devoted to discussing the possible liquidation of insider Secured Demand Note Accounts. There was strong opposition to any such liquidation. Motion was made, seconded and carried to authorize the issuance of an Option, not to run longer than five years, at a price of at least $25 per share on the Capital Management stock owned and held under Deposit Agreement by certain stockholders of Blair & Co., Inc. This option was to be given, in order to negotiate a deal with an outsider contemplating putting capital into the firm. This same option was also to be considered in negotiating with other prospects.

In view of the above mentioned option, it will be necessary for the Buy and Sell Agreement covering Capital Management to be changed so that Capital Management would not have the authority to buy back Capital Management stock at book value from a stockholder leaving our firm and joining a competitive firm.

Motion was made, seconded and carried that all Deposit Agreements covering stocks owned by Blair stockholders are rescinded with regard to the reinvestment portion of the Agreements. Full proceeds of any liquidation of these stocks would be paid to the individual stockholders. The above will be effective after January 1, 1971. However, this portion of these Agreements would not be rescinded if by so doing we would be in violation of Rule 325.

Meeting adjourned at 4:10 P. M. to be reconvened Wednesday, February 25, 1970 at 1 P.M.

E 278

Plaintiffs' Exhibit 57

ADD TO DIRECTORS' MEETING MINUTES OF FEBRUARY 24, 1970

RESOLVED, that the Annual Meeting of Stockholders of This Corporation be held, and hereby is called to be held, on March 18, 1970 at 11 o'clock in the forenoon at the principal office of the Corporation, 20 Broad Street, New York, New York, for the purpose of considering and taking action upon

(1) the election of directors to serve for the ensuing year, and

(2) such other business as may come before the meeting.

RESOLVED, that the close of business on March 3, 1970 be, and hereby is, fixed as the record date for the determination of stockholders of this Corporation entitled to notice of and to vote at said Annual Meeting of Stockholders to be held March 18, 1970 and at any adjournment thereof.

RESOLVED, that the Secretary or any other officer of this Corporation be, and hereby is, authorized and directed to give notice of said Annual Meeting of Stockholders of this Corporation by causing a copy of a Notice of Meeting and Proxy to be mailed in accordance with the By-laws of this Corporation as amended, and the laws of the State of Delaware, to each holder of $20 Class "A" Voting Preferred stock, $20 Class "B" Voting Preferred stock, and Voting Common stock of this Corporation of record at the close of business on March 3, 1970.

RESOLVED, that the proper officers of this Corporation be, and hereby are, and each of them hereby is, authorized, empowered and directed to do all such other acts and things as in their opinion shall be deemed necessary, desirable, or proper in connection with the calling and holding of said Annual Meeting of Stockholders or in order to carry out the full intent and purposes of the foregoing resolutions.

E 279

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y., on Wednesday, February 25, 1970 at 1:15 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker
Stuart M. Beringer
Emmons Bryant
Edwin A. Bueltman
William M. Cahn, Jr.
William F. Groszkruger
B. H. Hepburn
Frank Lynch
Matthew Morgan
Thomas R. McNell
James B. Ramsey, Jr.
R. Bruce Reymann
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Melville H. Ireland
Albert H. Langridge
John Spohler

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Secretary-Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. B. H. Hepburn acted as Secretary of the Meeting and kept the Minutes thereof.

Mr. Vanderbilt discussed the proposed agreement to raise 2 1/2 million dollars of new capital by bringing in a Secured Demand Note account from John P. Foley, Jr., terms to be as follows: an option on 3,200 Units of Blair capital stock, each Unit to consist of 3 shares of Blair's Non-Voting Common at $1 per share and 1 share of $4 Preferred at $25 per share (subject to agreement); also, an option on 40,000 shares of Capital Management Corporation at $25 per share for a period of five years with the right of first refusal (subject to Capital Management Corporation Option Agreement).

E 280

Plaintiffs' Exhibit 57

Mr. Vanderbilt stated that we expected another 3 1/2 million dollars of capital which would probably carry the same option agreement in proportion.

Mr. Ramsey stated that Charles Lowrey advised him, on advice of counsel, it was necessary for him to decline with regret a directorship with Blair at this time, due to the law suits brought by various partners against executive partners of Schwabacher.

Mr. Bryant discussed the law suit regarding Law Research and stated it would appear that the maximum loss would be $35,000, possibly to be split three ways.

Meeting adjourned at 1:55 P.M., subject to recall.

E 281

Plaintiffs' Exhibit 57

Minutes of Annual Organizational Meeting of Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. on Wednesday, March 18, 1970 at 12 o'clock noon, Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Stuart M. Beringer
Edwin A. Bueltman
Emmons Bryant
William M. Cahn, Jr.
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
James B. Ramsey, Jr.
R. Bruce Reymann
John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Edward I. Becker
Albert H. Langridge

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

The Special Directors' Meeting that had been carried over from February 25, 1970 was adjourned.

Mr. Vanderbilt stated that, due to heavy commitments of James J. Rush in the Treasurer's office, it was proposed that Benjamin H. Hepburn be elected Secretary of the Corporation. Upon motion duly made, seconded and carried, Mr. Hepburn was elected as Secretary of the Corporation.

Resolution was presented for the approval of a Charter Amendment permitting Options on Blair stock as follows:

Insert Resolution attached hereto.

Upon motion made, seconded and carried, the above-mentioned Charter Amendment was adopted.

Mr. Vanderbilt then requested approval of the resolution amending the By-Laws by changing the provision for written consent in lieu of vote at a meeting from 100% of stockholders to minimum percentage required by Delaware law by Charter or By-Laws. Upon motion made, seconded and carried resolution was adopted.

It was decided that the regular hour for future Directors' Meetings would be 3:15 P.M.

E 283

Plaintiffs' Exhibit 57

Draft of Proposed Resolutions for Adoption
at Blair & Co., Inc. Board of Directors
Meeting Wednesday, March 18, 1970

RESOLVED, that the Board of Directors of this Corporation deems and hereby declares it advisable that the Certificate of Incorporation of this Corporation, as heretofore amended, be further amended by amending Section 4E.5 of Article IV to read as follows:

"Section 4E.5. Exceptions. Nothing in this Division E shall apply to the issuance of any shares of capital stock of the Corporation which may be issued (a) pursuant to the express provisions of Section 4D.3(ii) hereof without authorization by the holders of Non-Voting Common Stock, or (b) pursuant to agreements which may be entered into, on or before May 15, 1970, between the Corporation and certain lenders of senior capital to the Corporation under which agreements such lenders may be granted (i) options expiring not more than five years from the date of grant to purchase from the Corporation an aggregate of not more than 26,000 shares of $4 Preferred Stock and not more than 100,000 shares of Common Stock and (ii) other rights to purchase capital stock and other securities of the Corporation at any time when capital stock or other securities, as the case may be, are issued or sold by the Corporation."

RESOLVED, that said proposed amendment of the Certificate of Incorporation be submitted to the stockholders for their consents thereto in writing, without prior notice and without a vote, as permitted by Section 228 of the General Corporation Law of the State of Delaware and the By-laws of this Corporation; and that if such consents in writing shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize said amendment at a meeting in which all shares entitled to vote thereon were present and voted, then a certificate setting forth such amendment, certifying that such amendment has been duly adopted in accordance with the provisions of the laws of the State of Delaware, shall be made under the seal of this Corporation, and be signed by its President or Vice President and attested by its Secretary or Assistant Secretary and shall be acknowledged by the President or such Vice President before an officer authorized by the laws of the place of execution to take acknowledgments of deeds, and that such certificate so executed and acknowledged shall be filed in the office of the Secretary of State of Delaware and a copy thereof, certified by said Secretary of State, shall be filed in the office of the Recorder of New Castle County in said State,

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Plaintiffs' Exhibit 57

RESOLVED, that subject to the receipt of said consents of the stockholders of this Corporation, the proper officers of this Corporation be and hereby are and each of them hereby is authorized, empowered and directed to do all such other acts and things as in their opinion, or upon advice of counsel, shall be deemed necessary, desirable or proper in connection with the aforesaid amendment to the Certificate of Incorporation, as amended.

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Plaintiffs' Exhibit 57

The directors were asked for a motion for the re-election of all officers for the coming year. Such motion was duly made, seconded and carried.

Mr. Vanderbilt stated that he regretted to announce David H. Brazil had been advised by counsel to decline directorship at this time.

Peter A. Bogaard was approved as Vice President.

The directors were advised that copies of the 1968 Minutes and Minutes from January 1969 through September 1969 were available for distribution.

Meeting adjourned at 1:30 P.M.

E 287

Plaintiffs' Exhibit 57

BLAIR & CO., INC.

Minutes of Annual Meeting of the Stockholders
Held on March 18, 1970

The Annual Meeting of the Stockholders of Blair & Co., Inc. was held at the principal office of the Corporation, 20 Broad Street, New York, New York, on Wednesday, March 18, 1970, at 11:00 A.M., pursuant to notice duly given in accordance with the By-Laws of the Corporation, the statutes of the State of Delaware in such case made and provided and resolutions of the Board of Directors calling such meeting.

The President of the Corporation called the meeting to order and presided as Chairman thereof, and Mr. Benjamin H. Hepburn, Secretary of the Corporation, kept the Minutes.

The President stated that the Board of Directors on February 25, 1970 had adopted a resolution calling the meeting.

The Secretary stated that at the close of business on March 3, 1970, the date fixed by the Board of Directors for the determination of stockholders entitled to vote at the meeting, there were issued and outstanding the following:

	No. of Shares
$20 Class "A" Voting Preferred Stock	264
$20 Class "B" Voting Preferred Stock	530
Non-Voting Common Stock	56,919
Voting Common Stock	99,813

and there were present or represented by proxy at the meeting the following:

	No. of Shares
$20 Class "A" Voting Preferred Stock	264
$20 Class "B" Voting Preferred Stock	530
Voting Common Stock	72,687

The Chairman thereupon announced that there were present or represented at the meeting the holders of record of a majority of the outstanding shares of each

class of capital stock of the Corporation entitled to vote at the meeting, constituting a quorum for the transaction of all items of business for which the meeting had been called.

The Secretary presented a copy of the notice of the meeting stating the time, place and purposes thereof, together with proof by affidavit that such notice had been given to each holder of the outstanding Common Stock of the Corporation of record at the close of business on March 3, 1970, at least ten days in advance of such meeting, by mailing such a notice, postage prepaid, to each holder addressed to him at his address as it appeared on the records of the Corporation, or delivered by hand where possible, all in accordance with the By-Laws of the Corporation and the statutes of the State of Delaware in such case made and provided. He also presented a form of proxy which accompanied such notice.

The President directed that the copy of said notice and said proxy, together with said affidavit, to be filed with the minutes as part of the records of the meeting.

The Secretary presented a complete card file of all stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in his name at the close of business on March 3, 1970. The Chairman stated that said cards were available at the meeting for inspection by any stockholder. He also directed that all persons holding proxies file the same with the Secretary.

The Chairman stated that the next order of business was the election of a Board of Directors of the Corporation to serve, subject to its By-Laws, for the ensuing year and until their successors are duly elected and have qualified. He pointed out that the By-Laws provide that the Board shall consist of such number of Directors as shall be determined by resolution of the Board or by the stockholders. He stated that there were presently seventeen directors, but that the Board of Directors at its meeting of February 19, 1969 had adopted a resolution determining

eighteen (18) to be the number of Directors to constitute the whole Board. However, seventeen are to be elected at this Annual Meeting.

The following were then nominated for election as Directors of the Corporation:

Edward I. Becker	Albert H. Langridge
Stuart M. Beringer	Frank Lynch
Edwin A. Bueltman	Thomas R. McNell
Emmons Bryant	Matthew Morgan
William M. Cahn, Jr.	James B. Ramsey, Jr.
William F. Groszkruger	R. Bruce Reymann
Benjamin H. Hepburn	John Spohler
Melville H. Ireland	James J. Sullivan
	Oliver DeG. Vanderbilt

No further nominations being made, the Chairman then stated that, as required by Delaware law, a vote by ballot would be taken for the resolution relating to the election of Directors. He declared the polls open for such purpose, directed the Secretary to distribute the ballots, and requested the stockholders and proxies to prepare and sign their ballots for the election of Directors, and deliver the same to the Secretary.

When all stockholders present and desiring to vote and the proxies had cast their ballots, the polls were closed and the Secretary then counted the ballots for the election of Directors of the Corporation, and advised the meeting as to the result of the votes taken, namely, the holders of 264 shares of $20 Class "A" Voting Preferred Stock, 530 shares of $20 Class "B"Voting Preferred Stock, 72,687 shares of Voting Common Stock outstanding and entitled to vote had voted in person or by proxy in favor of the proposed Directors and the holders of no shares of any class of stock had withheld their votes with respect thereto.

The Chairman thereupon declared that the persons nominated as set forth above had been duly elected, by the affirmative vote of more than a majority of the shares of capital stock of the Corporation entitled to vote thereon, Directors of the Corporation, to hold office, subject to its By-Laws, for the ensuing year and

until their respective successors are duly elected and have been qualified.

The Chairman thereupon directed all ballots on the election of directors to be filed by the Secretary with the records of the Corporation.

The Chairman then stated that the next order of business was an amendment to the By-Laws changing the provision for written consent in lieu of vote at a meeting from 100% of stockholders to minimum percentage required by Delaware law by charter or By-Laws. After discussion, the adoption of the following resolution was proposed:

> "RESOLVED, that the By-Laws of this Corporation be amended by changing Section 11 of Article II of said By-Laws to read as follows:
>
> > "Section 11. Any action required or permitted to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing."

Motion made, seconded and carried adopting the above-mentioned resolution.

There being no further business to come before the meeting, upon motion duly made and seconded, it was unanimously resolved to adjourn.

_____
Secretary

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Plaintiffs' Exhibit 57

Minutes of Special Directors' Meeting of Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y., on Monday, April 6, 1970 at 3:15 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward E. Becker
Stuart M. Beringer
Emmons Bryant
Edwin A. Buchtman
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNeil
Matthew Morgan
R. Bruce Reymann
John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

William M. Cahn, Jr.
Albert H. Langridge
James B. Ramsey, Jr.

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Treasurer

Mr. Vanderbilt, Chairman, presided and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Mr. Vanderbilt announced that the Special Meeting had been called to discuss the capital situation of the Corporation. Various letters from the New York Stock Exchange were read to the Board by Mr. Vanderbilt.

After discussion concerning the necessity of liquidating insider Secured Demand Note Accounts, a motion was made, seconded and carried, authorizing the Board to direct the Treasurer to liquidate up to 100% of these accounts as needed.

Meeting recessed at 3:15 P.M.

Meeting reconvened at 5:40 P.M. with Norman Segal of Mudge, Rose, Guthrie & Alexander, James J. Rush and John Richardson attending.

The settlement by Schwabacher to Blair was outlined by Norman Segal, although final details were not complete.

William M. Cahn, Jr. tendered his resignation as director, on advise of counsel.

The meeting was recessed at 6:35 P.M. to be reconvened the following day, Tuesday, April 7, 1970.

Tuesday, April 7, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present the meeting was adjourned until Wednesday, April 8,1970 at 3:30 P.M.

Wednesday, April 8, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Thursday, April 9, 1970 at 3:30 P.M.

Thursday, April 9, 1970

Meeting called to order by James B. Ramsey, Jr., president. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Friday, April 10, 1970 at 3:15 P.M.

E 293

Plaintiffs' Exhibit 57

Minutes of Special Directors' Meeting of Board of Directors of Blair & Co., Inc., a Delaware Corporation, held at its office, 20 Broad Street, New York, N. Y., on Monday, April 13, 1970 at 9:15 A.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward J. Becker
Stuart M. Beringer
William V. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Albert H. Langridge
James B. Ramsey, Jr.
R. Bruce Reymann
John Spohler

Directors absent were:

Edwin A. Buchtman
Emmons Bryant
Frank Lynch
Matthew Morgan
Thomas R. McNeil
James J. Sullivan
Oliver DeG. Vanderbilt

Guests present at the meeting were:

John Richardson, in-house counsel
James J. Rush, Treasurer

Mr. Ramsey, President, presided, and Mr. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

The agreement of the Schwabacher settlement was discussed. On motion duly made, seconded and carried it was voted to accept and sign the agreement, copy of which is attached hereto.

Meeting adjourned. To be reconvened on Tuesday, April 14, 1970.

April 14, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Wednesday, April 15, 1970.

E 294

Plaintiffs' Exhibit 57

April 15, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Thursday, April 16, 1970.

April 16, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Friday, April 17, 1970.

April 17, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Monday, April 20, 1970.

E 295

Plaintiffs' Exhibit 57

Minutes of Special Directors' Meeting of Board of Directors of Blair & Co., Inc., A Delaware Corporation, held at its office, 20 Broad Street, New York, N. Y., on Friday, April 10, 1970 at 3:25 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward J. Becker	Matthew Morgan
Stuart M. Beringer	R. Bruce Raymann
Edwin A. Buelteman	John Spohler
William F. Groszkruger	James J. Sullivan
Albert H. Langridge	James B. Ramsey, Jr.
Frank Lynch	Benjamin H. Hepburn

Directors absent were:

Emmons Bryant	Melville H. Ireland
William M. Cahn, Jr.	Thomas R. McNell
	Oliver DeG. Vanderbilt

Guests present at the meeting were:

Mr. Joseph Daly, Madge, Rose, Guthrie & Alexander
Mr. Norman Segal, " " " "
Mr. John Richardson, in-house counsel
Mr. James J. Rush, Treasurer

Mr. Ramsey, President, presided, and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Daly discussed the proposed meeting with the Securities & Exchange Commission. The Schwabacher settlement was also discussed in more detail.

Motion made, seconded and carried to ratify the action on the sale of one New York Stock Exchange seat.

Mr. Ramsey requested authority to discuss the employment of George Morgurgo as Executive Vice President, member of the Executive Committee and Director of the Corporation. Such authority was granted by unanimous vote.

Meeting adjourned at 5:45 P.M. to reconvene at 9 A.M. on Monday, April 13, 1970.

E 296

Plaintiffs' Exhibit 57

April 20, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Tuesday, April 21, 1970 at 3:45 P.M.

Minutes of Special Meeting of the Board of Directors of Blair & Co. Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y., on Tuesday, April 21, 1970 at 3:45 P.M. Eastern Standard Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker	Thomas R. McNell
Edwin A. Buchtman	Matthew Morgan
W. F. Groszkruger	James B. Ramsey, Jr.
Benjamin H. Hepburn	R. Bruce Reymann
Melville H. Ireland	John Spohler
Frank Lynch	Oliver DeG. Vanderbilt

Directors absent were:

Stuart M. Beringer	Albert H. Langridge
Emmons Bryant	James J. Sullivan

Guest present at meeting: John Richardson, in-house counsel.

Mr. Vanderbilt, Chairman, presided and Mr. Benjamin H. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Mr. Ramsey discussed composition of letter to the Securities & Exchange Commission regarding Blair's self-imposed restrictions.

The Chairman requested approval of the Board to liquidate the remaining 15% of insider Secured Demand Note Account. Motion made, seconded and carried granting such approval.

Mr. Ramsey discussed the additional efforts being made to obtain more capital and asked that each member of the Board aid in this endeavor.

Mr. Ramsey discussed contract of George Morpurgo and it was agreed that we would hire Mr. Morpurgo in accordance with the terms of the contract. Motion made, seconded

and carried that Mr. Morpurgo be elected a director, Executive Vice President and member of the Executive Committee.

Mr. Vanderbilt discussed Portfolio Sciences, Inc. He stated that he had personally invested $39,000 in the company by purchasing 15,000 shares of Investment Letter Stock at $2.50 per share and stated he would be willing to offer this stock to Blair at his cost is Blair & Co., Inc. so desired. The matter was left open for further discussion.

Malcolm Sanders had requested permission to become a director of Data Network Corporation. After discussion, the matter was tabled so that John Spohler with Stuart Beringer could make a check on the company.

George Morpurgo, after his election as a director, was invited into the meeting.

After general discussion, the meeting adjourned at 5 P.M.

May 20, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Thursday, May 21, 1970 at 3:15 P.M.

May 21, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Friday, May 22, 1970 at 3:15 P.M.

May 22, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned.

E 298

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y., on Thursday, May 28, 1970 at 2:40 P.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

Edward I. Becker
Stuart M. Beringer
Emmons Bryant
Edwin A. Bueltman
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
George E. Morpurgo
James B. Ramsey, Jr.
R. Bruce Reymann
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Albert H. Langridge
John Spohler

Guests present at meeting:

William M. Cahn, Jr.
Joseph Daly, Mudge, Rose, Guthrie & Alexander
John Richardson, in-house counsel
Norman Segal, Mudge, Rose, Guthrie & Alexander

Mr. Vanderbilt, Chairman, presided and Mr. Benjamin H. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Mr. Vanderbilt read the proposal of F. I. duPont & Co. for acquisition of certain offices and other assets. After discussion by the Board, motion made, seconded and unanimously carried to turn down the duPont proposal.

Meeting adjourned at 4 P.M.

E 299

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, Monday, June 15, 1970 at 1:55 P.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting were:

E. I. Becker
S. M. Beringer
E. Bryant
E. A. Bueltman
W. F. Groszkruger
B. H. Hepburn
M. L. Ireland
F. Lynch
T. R. McNell
M. Morgan
G. Morpurgo
J. B. Ramsey, Jr.
R. B. Reymann
J. Spohler
J. J. Sullivan
O. DeG. Vanderbilt

Guests present at the meeting were:

John Richard, in-house counsel
Joseph Daly, Mudge, Rose, Guthrie & Alexander
Norman Segal, " " " "

Mr. Vanderbilt, Chairman, presided and Mr. Benjamin H. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

Resignation of Albert H. Langridge as Vice President and Director as of June 1, 1970 accepted.

Kenneth V. Larsen was removed as Vice President but will continue as Floor Clerk on the New York Stock Exchange for the present.

Intelecom contract was discussed and upon motion duly made, seconded and carried the Agreement was rescinded in the manner disclosed in the attached Amendment to the Agreement.

E 300

Plaintiffs' Exhibit 57

AMENDMENT TO AGREEMENT

WHEREAS, Intelecom, Inc., a New York corporation ("Intelecom"), and Blair & Co., Inc., a Delaware corporation ("Blair"), have previously entered into an Agreement dated as of June 30, 1969 (the "Agreement") relating to the establishment of an on-line computer system for the data processing of Blair's brokerage operations:

WHEREAS, Intelecom has decided to offer a shared-use system called INTELETRADE to all broker-dealers, which system would be an outgrowth of the development undertaken specifically in connection with the Agreement, but thereby removing complete reliance upon the Agreement;

WHEREAS, Intelecom is prepared to offer INTELETRADE service on a long-term or short-term contract basis, and certain of the services may be used by Blair with little or no conversion effort; and

WHEREAS, the use by Blair of these services would utilize certain equipments, leased lines, terminals,

and programs already procured or scheduled by Intelecom specifically for Blair locations under the Agreement;

NOW, THEREFORE, the parties agree as follows:

1. The Agreement is hereby rescinded.

2. Blair agrees that, after INTELETRADE has been proven to be a satisfactory system and has been deemed by Blair to be acceptable for meeting Blair's needs at the time, Blair will use its best efforts to subscribe to the INTELETRADE shared-use service system; provided, however, that it is understood that, in the event that Blair is merged into, or the major part of Blair's business is acquired by, an organization larger than Blair, or if Blair institutes a program for the winding up of its business as now constituted, Blair shall have no obligation to use such efforts. The terms and conditions for such service will be as beneficial to Blair as to service, price structure and other details as that offered by Intelecom to any other subscriber.

E 302

Plaintiffs' Exhibit 57

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Agreement to be executed in their corporate names by their duly authorized corporate officers as of the 12th day of June, 1970.

INTELECOM, INC.

By _____
President

BLAIR & CO., INC.

By _____
President

The Chairman stated that the Company had previously been considering incorporating the assets of the Schwabacher & Co. Profit-Sharing Plan in the trust under the Blair & Co., Inc. Profit-Sharing Plan and that, to this end, had been negotiating with the Crocker Citizens National Bank for the transfer of the former trust fund to the trustees of the latter trust fund. The Chairman then stated that California counsel has informed the Company that the Blair & Co. trustees would have to comply with numerous provisions of the California law upon the completion of any such transfer. He also stated that important personnel considerations resulting primarily from the recent decrease in the earnings of registered representatives and others throughout the investment industry now made it desirable to terminate entirely the Schwabacher & Co. Profit-Sharing Plan and to distribute the entire amount of the Trust thereunder to the present

Plan participants. The Chairman pointed out that a termination of the Plan would require that the accounts of all participants be fully vested and that the Internal Revenue Service should be notified of such termination. Finally, the Chairman noted that such distributions to the participants in the Schwabacher & Co. Profit-Sharing Plan would probably result in the receipt of ordinary income by them in the year of distribution.

Upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the Schwabacher & Co. Profit-Sharing Plan and Trust be terminated effective as of June 30, 1970, and that the full value of the accounts then standing in the name of the participants in said Plan be fully distributed to them; and it was further
>
> RESOLVED, that the appropriate officers of this Company take all steps necessary to accomplish the termination of the aforesaid Plan and the distribution of the participants' accounts by August 1, 1970, including the conversion of the assets of the Trust into cash in order to facilitate such distribution; and it was further

E 305

Plaintiffs' Exhibit 57

RESOLVED, that the appropriate officers of this Company are authorized to take such steps and to execute such documents as may be requested by the Crocker Citizens National Bank in order to accomplish the termination of the Schwabacher & Co. Profit-Sharing Plan and Trust.

The Chairman stated that certain of the participants in the Schwabacher & Co. Profit-Sharing Plan were personally indebted to the Company in various amounts and that it would be desirable to authorize the withholding of some or all of the amounts to which they would become entitled by reason of the termination of that Plan and the crediting of the same against their respective debts to the Company.

Upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that in connection with the distribution to the participants in the Schwabacher & Co. Profit-Sharing Plan of their accounts under said Plan, the appropriate officers of this Company are authorized and directed to withhold, on behalf of the Company, from the amount due any such participant who is indebted to the Company an amount sufficient to discharge such indebtedness or the entire balance in the account where a participant's account is equal to or less than his indebtedness; and it is further
>
> RESOLVED, that the foregoing resolution shall be deemed to be an amendment of the Schwabacher & Co. Profit-Sharing Plan effective the date of this meeting.

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Plaintiffs' Exhibit 57

Upon motion duly made, seconded and carried it was

RESOLVED that approval for the following named persons having authority to sign for the firm be rescinded.

Richard C. Lawson	Ernest C. Voigt
Louise Smith	David E. Glatt
J. Ira Harris	James Burke
E. Jackie Baldwin	Howard Raymond Stevens
F. Klumper	Jim Bengen
Kenneth V. Larsen	Theodore Strauss
Dennis Monahan	John J. Burgess
George Pagano	James F. Gorman

Mr. Ramsey discussed the status of the Thomson, McKinnon merger followed by a report on the figures by Mr. Morpurgo. These figures bore out the fact that, in connection with the proposed merger with Thomson, McKinnon, the removal of some capital from Blair to Thomson, McKinnon would be more beneficial to the Exchange than the proposed Exchange method which prohibited removal of any capital from Blair and which gave five or six brokers the opportunity to bid on various Blair branches.

Due to the Stock Exchange proposal, Thomas, McKinnon advised us that as of that moment they would have to reconsider and negotiations at this time were discontinued.

Mr. Ramsey requested the Secretary to have as many Secured Demand Note holders as could be contacted come into 20 Broad Street office for a meeting at 4 P.M. on Tuesday, June 16, 1970.

Meeting adjourned to be reconvened at 8:30 A.M. on Tuesday, June 16, 1970.

E 308

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, Tuesday, June 16, 1970, at 8:30 A.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting:

E. I. Becker
S. M. Beringer
E. Bryant
B. H. Hepburn
M. Morgan
T. R. McNell
J. B. Ramsey, Jr.
R. B. Reymann
J. Spohler
O. DeG. Vanderbilt

Directors absent were:

E. A. Buehltman
W. F. Groszkruger
M. L. Ireland
F. Lynch
G. Morpurgo
J. J. Sullivan

Guest present at meeting:

John Richardson, in-house counsel.

Mr. Vanderbilt, Chairman, presided and Mr. Benjamin H. Hepburn acted as Secretary of the meeting and kept the Minutes thereof.

There was a brief discxussion by Mr. Ramsey who stated that the New York Stock Exchange had advised us to revert to the original type of deal that we had discussed with Thomson, McKinnon. The Exchange was still insistent, however, that no capital was to be removed from Blair & Co., Inc.

Meeting was adjourned at 9:15 A.M., to be reconvened at 3:30 P.M. on Wednesday, June 17, 1970.

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Plaintiffs' Exhibit 57

June 16, 1970 - List of persons present at meeting at which various Secured Demand Note holders were in attendance.

James B. Ramsey, Jr.
Oliver DeG. Vanderbilt
George Morpurgo
Frank Martinez
John P. Foley
Christopher Biech
Clarence E. Heller
David Wilson
Harold G. Lien
Theodore Austin
Paul Austin
Melville H. Ireland
Donald J. Braverman
Anne Mitchell
Emmons Bryant
Rolland Thompson and attorneys
William M. Cahn, Jr.
Stuart M. Beringer
Bruce M. Beringer
Ralph Snyder
Stephen Poch
Norman Segal
John Richardson
B. H. Hepburn

E 310

Plaintiffs' Exhibit 57

June 17, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Thursday, June 18, 1970 at 3:30 P.M.

June 18, 1970

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until Friday, June 19, 1970 at 9:30 A.M.

E 311

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, Friday, June 19, 1970, at 9:30 A.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting:

E. I. Becker
E. Bryant
E. A. Bueltman
W. F. Groszkruger
B. H. Hepburn
M. L. Ireland
F. Lynch
T. R. McNell
M. Morgan
G. Morpurgo
J. B. Ramsey, Jr.
R. B. Reymann
J. Spohler
J. J. Sullivan
O. DeG. Vanderbilt

Guests present at the meeting:

William M. Cahn, Jr.
John Richardson

Mr. Vanderbilt, Chairman, presided and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Ramsey discussed the merger with Thomson, McKinnon and stated that a handshake agreement had been reached concerning certain offices and that a letter of intent would be prepared by our attorneys today.

Under the new terms, it would appear that it would be impossible for Thomson, McKinnon to give Blair any equity in Thomson. Mr. Ramsey stated that we will make the decisions regarding Blair and that a wrap-up committee is to be formed to govern the clean-up operation to be headed by George Morpurgo.

Mr. Ramsey also stated that Thomson, McKinnon would interview certain key personnel but that he felt that anyone in the meeting who could do so should make deals for themselves. He also requested that all Secured Demand Note holders be notified as to recent developments.

E 312

Plaintiffs' Exhibit 57

Resignation of Stuart M. Beringer as Officer and Directors accepted by the Board, the resignation being effective June 17, 1970.

Mr. Ramsey requested that meeting be held open until 3:30 P.M. Adjourned until that time.

June 19, 1970 - 3:30 P.M.

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 9:30 A.M. on Monday, June 22, 1970.

June 22, 1970 - 9:30 A.M.

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 3:30 A.M. this day.

E 313

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co.,Inc., a Delaware corporation, held at its office, 20 Broad Street, Monday, June 22, 1970, at 3:40 P.M. Eastern Daylight Time, pursuant to notice thereof duly given.

Directors present at the meeting:

Edward I. Becker
Emmons Bryant
Edwin A. Buehtman
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
George Morpurgo
James B. Ramsey, Jr.
R. Bruce Reymann
John Spohler
James J. Sullivan

Director absent:

Oliver DeG. Vanderbilt

Guests present at the meeting:

William M. Cahn, Jr.
John Richardson, in-house counsel
Joseph Daly, Mudge, Rose, Guthrie & Alexander
Norman Segal, " " " "

Mr. Ramsey, President, presided and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Ramsey discussed various negotiations being conducted with Thomson, McKinnon and stated that as of that moment we had a handshake agreement with them on their acquiring certain branch offices. He then discussed at length various procedures to be taken expounding specifically on the necessity of not jeopardizing the firm by contributing to rumors or participating in any rash action.

Mr. Ramsey stated that any outside Secured Demand Note holder who had not been contacted should be brought up to date immediately.

Mr. Ramsey stated that Sylvan-Lawrence Company had made a further proposal regarding the 90 William Street office. Previously they had agreed to reimburse us $60,000 for unamortized leasehold improvements, subject to the condition of the improvements. They now wish to alter the arrangement from full payment at time of agreement to partial periodic payments. In exchange for this, they agree to increase the amount to $75,000 payable as follows:

1. $20,000 upon fully vacating the space
2. $15,000 9/1/71
3. $15,000 9/1/72
4. $25,000 9/1/73

Motion made, seconded and carried that this offer be accepted by the Board.

Mr. Ramsey discussed the proposed capital contribution to Thomson, McKinnon by the Weiss interests. The fee for this capital would be the sale of Blair Advisory to the Weiss interests, subject to approval by the Blair Fund stockholders. Until this approval is received $100,000 is to be placed in escrow. In the event approval is not received, this amount would be paid to the Weiss interests.

Motion made, seconded and carried that Blair Advisory be sold to the Weiss interests upon completion of the above.

It is to be recorded thatThomas R. McNell abstained from the vote.

In conjunction with the foregoing, it was proposed that Thomas R. McNell be paid for his stock in Blair Advisory on the same basis as the payment to Fred Lange.

John Richardson mentioned that Capital Management was preparing papers, as they wished to divest themselves from Blair & Co., Inc. A committee was formed consist-

ing of John Spohler, Edward Becker and Emmons Bryant to study this proposal and report back to the Board.

There was discussion regarding the sale of one New York Stock Exchange Seat and one American Stock Exchange Seat. Motion made, seconded and carried approving the sale of these seats at the discretion of committee formed consisting of Edward Becker, Bruce Reymann and Matthew Morgan.

Mr. Morpurgo presented the terms of the two-year contract of Joseph Coehlo, copy of which is either attached or may be obtained from John Richardson.

Meeting adjourned at 5:20 P.M. To be reconvened at 9:00 A.M. Tuesday, June 23, 1970.

June 23, 1970 - 9:00 A.M.

Meeting called to order by James B. Ramsey, Jr., President. Mr. Benjamin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 11:00 A.M. this day.

E 316

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. Tuesday, June 23, 1970 at 11:00 A.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting:

Edward I. Becker
Emmons Bryant
Edwin A. Bueltman
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
George Morpurgo
James B. Ramsey, Jr.
R. Bruce Reymann

Directors absent were:

John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Guest present at meeting:

John Richardson, in-house counsel.

Mr. Ramsey, President presided and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Ramsey reported on the McNell situation. (Mr. McNell asked not to join meeting until discussion on the subject finished.)

Mr. Ramsey stated that, on the previous basis of payment, Mr. McNell would be entitled to $35,000.

Motion made, seconded and carried that, subject to agreements acceptable to the Weiss interests, Thomas R. McNell and Blair & Co., Inc., we would pay the sum of $35,000 to Mr. McNell for his 14% interest in Blair Advisory. The agreements were to be presented to the Board for final approval.

Meeting adjourned at 11:50 A.M., to be reconvened until 3:30 P.M. this day.

E 317

Plaintiffs' Exhibit 57

June 23, 1970 - 3:30 P.M.

Meeting called to order by Mr. Ramsey, President. Mr. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 9:30 A.M. on Wednesday, June 24, 1970.

E 318

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. Wednesday, June 24, 1970 at 9:30 A.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting:

Edward I. Becker
Emmons Bryant
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
George Morpurgo
James B. Ramsey, Jr.
R. Bruce Reymann
John Spohler
James J. Sullivan

Directors absent were:

Edwin A. Bueltman
Oliver DeG. Vanderbilt

Guest attending the meeting:

William M. Cahn, Jr.

Mr. James B. Ramsey, Jr. presided and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Ramsey stated that the contributor of $1,000,000 in capital, in conjunction with the Thomson McKinnon deal, had reneged at the last minute. However, he stated that he expected $500,000 in capital plus a possible additional $250,000 to be forthcoming from another source.

Mr. Ramsey felt that the announcement of the Thomson McKinnon deal might be sent out today.

Mr. Ramsey stated that a plan was to be put into effect to cut costs in the firm immediately by eliminating every person possible.

Meeting adjourned at 10:05 A.M. To be reconvened at 3:30 P.M. this day.

E 319

Plaintiffs' Exhibit 57

June 24, 1970 - 3:30 P.M.

Meeting called to order by Mr. James B. Ramsey, President. Mr. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 9:30 A.M. on Thursday, June 25, 1970.

June 25, 1970 - 9:30 A.M.

Meeting called to order by Mr. James B. Ramsey, President. Mr. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 3:30 P.M. this day.

E 320

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office 20 Broad Street, New York, N. Y. Thursday, June 25, 1970 at 3:40 P.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at the meeting:

E. I. Becker
Emmons Bryant
William F. Groszkruger
Benjamin H. Hepburn
Melville L. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
George Morpurgo
James B. Ramsey, Jr.
John Spohler
James J. Sullivan
Oliver DeG. Vanderbilt

Directors absent were:

Edwin A. Bueltman
R. Bruce Reymann

Guest present at the meeting:

John Richardson, in-house counsel.

Mr. Vanderbilt, Chairman, presided and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Ramsey reported on the negotiations with Thomson McKinnon.

There was discussion again regarding the settlement with Thomas R. McNell for his share of Blair Advisory. Mr. McNell insisted that the $35,000 be paid to him immediately and not be held back until consummation of the deal. Motion made, seconded and carried that this payment was to be made. Emmons Bryant wished to be recorded as being opposed.

There was discussion concerning our ownership of Post 11 on the Pacific Coast Stock Exchange. In view of present conditions, it was decided that we would resign from this post at the earliest possible time. Motion made, seconded and carried to this effect.

The Board was advised that there was a possibility of selling our holdings of Marvin Josephson at $5 per share. Motion made, seconded and carried that we well Marvin Josephson for $5 a share and hold 100% of the proceeds in the firm for capital purposes. Each stockholder is to receive a note for their proportionate share.

Mr. Vanderbilt discussed Capital Management and their request to divest themselves from Blair & Co., Inc. The committee consisting of Mr. Becker, Mr. Bryant and Mr. Spohler recommended that the Board agree to this with the understanding that the Buy-and-Sell Agreement would now be terminated. Mr. Vanderbilt stated that this would be acceptable to Capital Management.

Meeting adjourned at 4:25 P.M. To be reconvened at 9:30 A.M. Friday, June 26, 1970.

June 26, 1970 - 9:30 A.M.

Meeting called to order by Mr. James B. Ramsey, President. Mr. Benjanin H. Hepburn acted as Secretary.

As no quorum was present, the meeting was adjourned until 3:30 P.M. this day.

E 322

Plaintiffs' Exhibit 57

Minutes of Special Meeting of the Board of Directors of Blair & Co., Inc., a Delaware corporation, held at its office, 20 Broad Street, New York, N. Y. Friday, June 26, 1970, at 3:45 P.M. Eastern Daylight Time, pursuant to Notice thereof duly given.

Directors present at meeting:

Edward I. Becker
Edwin A. Buelteman
William F. Groszkruger
Benjamin H. Hepburn
Melville H. Ireland
Frank Lynch
Thomas R. McNell
Matthew Morgan
George Morpurgo
James B. Ramsey, Jr.
John Spohler
Oliver DeG. Vanderbilt

Directors absent:

Emmons Bryant
R. Bruce Reymann
James J. Sullivan

Guest present at meeting:

John Richardson, in-house counsel.

Mr. Vanderbilt, Chairman presided and Mr. Benjamin H. Hepburn acted as Secretary and kept the Minutes thereof.

Mr. Ramsey discussed possible deposit of a large sum of capital by a certain group. Discussions have been held for the past two weeks.

The McNell agreement dated June 29, 1970 which is to be executed that day was read, discussed and accepted. The Board believes that this contract is a good business decision at this time. Copy of agreement attached.

After discussion concerning severance pay in lieu of notice the following was approved:

0-6 months	no severance pay
6 mos.-1 yr.	1 week severance pay
1 yr.-5 yrs.	2 weeks' " "
Over 5 years	3 weeks' " "

The approximate cost would either be $22,000 or $34,000, depending on departments which were able to remain open, in accordance with the New York Stock Exchange.

The larger amount would be the cost in the event that the entire Municipal Department was eliminated by Exchange Rulings. Motion made, seconded and carried to pay severance as stated above. (John Spohler wished to be recorded as being opposed.)

After discussion of the large position held in Trans-Nation, it was moved, seconded and carried that the sale of this stock generated by Edward Becker was a good business decision.

The Board was informed that the Thomson deal was still in effect and waiting for certain capital before consummation.

After a meeting with James F. Rafferty of Schwabacher-Rafferty, the Board was advised that it would be best to close Schwabacher-Rafferty rather than to attempt at this time to combine it with Blair & Co., Inc.

The Board was also advised that the staff of Schwabacher-Rafferty would be terminated as of June 30, 1970 and that contract of James F. Rafferty maturing in 1974 had been negotiated by payment to Mr. Rafferty through October 31, 1970.

Motion made, seconded and carried approving the above.

(Copy of termination agreement attached hereto).

Meeting adjourned at 4:20 P.M. To be reconvened on Monday, June 29, 1970 at 3:30 P.M.

E 324

Plaintiffs' Exhibit 57

TERMINATION AGREEMENT

WHEREAS, James F. Rafferty (Rafferty), Rafferty & Co. and Schwabacher & Co. are parties to an Employment and Non-Complete Agreement (the Agreement) dated November 30, 1967 providing, among other things, for the employment of Rafferty by Rafferty & Co. for a period of seven years from the date of the Agreement; and

WHEREAS, the Agreement was assumed by Blair & Co., Inc. (Blair) in connection with the acquisition by Blair of substantially all of the assets of Schwabacher & Co., and at the time of such assumption was amended as provided in a Letter Agreement dated February 28, 1969; and

WHEREAS, it has now been determined that the business operations of Rafferty & Co. are terminated and the parties consider it desirable to terminate the employment arrangements relating to Rafferty as provided in the Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings of the parties as hereinafter set forth, it is hereby agreed as follows:

1. Effective immediately, the Agreement as amended by the aforesaid Letter Agreement shall be in all respects terminated and, from and after the date hereof, except as hereinafter set forth, no party to the Agreement, as heretofore amended, shall have any obligation to any other party.

2. Blair agrees to pay to Rafferty monthly compensation from July 1, 1970 through October 30, 1970, but not thereafter, at the same rate of compensation as Rafferty is currently receiving under the Agreement, as amended.

IN WITNESS WHEREOF, the parties have executed this Termination Agreement as of the 30th day of June, 1970.

_____
James F. Rafferty

BLAIR & CO., INC.

By _____
President

E 325

PLAINTIFFS' EXHIBIT 58

MEMO DEIGNAN TO CARLEY, JANUARY 20, 1970

NEW YORK STOCK EXCHANGE

MEMORANDUM

January 20, 1970

TO: Mr. Ed T. Carley

FROM: John J. Deignan

SUBJECT: Blair & Co., Inc.

Recently Blair & Co., Inc. converted its eastern operations to the Midwest System. It is our understanding that conversion has not gone too smoothly and that the firm has an inordinate number of edits.

In addition, a regular financial questionnaire answer as of the end of ~~November~~ 1969 indicated a capital ratio of over 1600% and there were indications that significant amounts of capital were withdrawn thereafter.

Would you please send an examiner to Blair & Co., Inc. to check on these two areas.

JJD

E 326

PLAINTIFFS' EXHIBIT 58A

MEMO BY DEIGNAN, FEBRUARY 10, 1970

M E M O R A N D U M

February 10, 1970

BLAIR & CO.

This morning after several unsuccessful attempts, I was finally able to reach Mr. James Rush of Blair & Co. to inquire about the firm's capital situation. Mr. Rush outlined the following steps which will be taken to improve the firm's capital position.

1. The Blair Fund will be sold to Capital Management, a corporate affiliate of Blair & Co. for approximately $900,000.

2. The firm's investments which have no value for capital purposes will be sold to Capital Management for approximately $1,000,000.

3. Subordinated capital which otherwise would be going out of the firm in the next month or so will be retained to the extend of about $1,000,000. This subordinated capital belongs to relatives of insiders for the most part.

4. An arrangement will be made to sell furniture and fixtures as well as leasehold improvements to Capital Management for $2,500,000 with a leaseback arrangement.

5. New capital in the form of secured demand notes will be brought in for amounts arranging between $3,000,000 and $5,000,000.

In response to my question, Mr. Rush indicated that the first two items will be implemented some time within the next couple of weeks while the others will require more time.

According to Mr. Rush, the "1400 edits" are now being processed on a daily basis and have been for some time, since the middle of January. "1400 edits" prior to that date are being researched and have been reduced to a net debit of $6,000,000 as compared to the high $50,000,000 net debit.

Mr. Rush mentioned that a Special Financial Questionnaire is due from his firm as of January 31, as is a Special Operations Questionnaire. I reminded him that we have not as yet received a Special Operations Questionnaire as of December 31 and pointed out that the two week extension that was granted expired last Thursday. I directed Mr. Rush to submit the answers to this Questionnaire forthwith.

JJD

E 328

PLAINTIFFS' EXHIBIT 59

MEMO BY DEIGNAN, FEBRUARY 24, 1970

M E M O R A N D U M

February 24, 1970

BLAIR & C., INC.

This afternoon Fred Stock reported to me the results of a telephone conversation he had earlier today with Mr. James B. Ramsey of Blair & Co., Inc.

In order to improve its capital position, Blair & Co., Inc. has induced one of its vice presidents to issue a Secured Demand Note in the amount of $1,400,000 which will be collateralized with $200,000 worth of securities. This, according to Mr. Ramsey, will bring Blair & Co., Inc. in compliance with Rule 325.

This afternoon a directors meeting is being held, at which time consideration will be given to other methods of improving the capital position including,

1. sale of additional non-voting stock,
2. sale of the Blair Fund, or
3. sale of securities collateralizing outstanding Secured Demand Notes.

Mr. Ramsey indicated that these are rather a controversial issue. He promised to report the results of the directors meeting.

Late last week - I believe it was on Friday - Mr. Benjamin Hepburn called me concerning a Secured Demand Note for $2,000,000 to be issued by an "insider" who has already outstanding a Secured Demand Note. Mr. Hepburn asked me if the life of the note could be of short duration, say thirty or sixty days. After checking with Bob Bishop, I told him that this would be acceptable under the circumstances as a temporary stop-gap.

JJD

E 329

PLAINTIFFS' EXHIBIT 59A

MEMO DIRKS, MARCH 6, 1970

MEMORANDUM

March 6, 1970

This afternoon a meeting was held with Benjamin Hepburn, James Rush and George Mapurgo, representatives of Blair & Co., Inc. Present for the Exchange were John Deignan, Joe Kaspareck and Dennis Dirks.

James Rush introduced George Mapurgo, a former Vice President at the Midwest Stock Exchange, who had been hired by Blair & Co., Inc. to oversee an effort to straighten out Blair's records. Mapurgo explained that Blair was experiencing problems with its records because it recently acquired Schwabacher & Co., and at the same time converted to the Midwest Accounting System. He stressed the inevitable problems that occur when a conversion and acquisition occur simultaneously. As a result of lack of cooperation from Schwabacher people who are familiar with the Midwest System but refused to relocate to New York and of the poor ability of those that did, the firm's conversion to the Midwest System has been troubled. He also cited the fact that Blair & Co., Inc. and Schwabacher had two clearing numbers which had complicated settlements and the fact that OTC securities had been clearing in San Francisco and listed securities here as part of the reason for the records problem. He is in charge of a 40 man task force which Blair has hired for a six week program to get its records in shape.

John Deignan asked if the operations were presently current on a daily basis. Mapurgo stated that they were and that balances had been reached for the last three days at 2 PM, the following day. He felt that January 21 was the low point for the firm but since then there has been a turnaround. He stated that present daily work was being done currently and that previous day's records were being reconstructed. He felt that, for the reconstruction, rather than throw items into the computer as they balance, he would rather wait until the entire day balances.

Mapurgo also mentioned that the transfer department had been on three shifts for the last few weeks to clear up old items. Deignan asked Rush if he realized that Blair was ranked second in volume of complaints received at the Exchange and Hepburn stated that he felt the situation was improving.

Because their computer records are meaningless at this point, Rush petitioned the Exchange for a new date for filing their financial questionnaires. They wish to file at the end of April. Deignan stated that he would have to discuss the situation with other staff members before reaching any decision and, upon his motion, the meeting ended.

DDirks:jes

E 331

PLAINTIFFS' EXHIBIT 60

MEMO BY DEIGNAN TO STOCK, MARCH 13, 1970

44

JJ

M E M O R A N D U M

March 13, 1970

TO: Fred J. Stock

Fred:

This will confirm the information I mentioned to you verbally about the capital position of Blair & Co., Inc. as of January 31, 1970. Our examiner has made the computation based on figures made available to him by the firm which he did not check since this would be a time-consuming process.

Aggregate Indebtedness	$105,959,000
Net Capital	2,750,000
Requirements	5,297,950
Deficiency	2,543,950
Ratio	3.848%

We cannot vouch for the accuracy of these figures. Hopefully the deficiency is on a high side, but again we cannot be sure. The examiner will stay at the firm and devote his time to refining these figures so that we can come up with a more realistic answer.

JJD

E 332

PLAINTIFFS' EXHIBIT 61

LETTER BISHOP TO RAMSEY, MARCH 16, 1970

March 16, 1970

Mr. James B. Ramsey Jr.
Blair & Co., Inc
20 Broad Street
New York, New York 10005

Dear Mr. Ramsey:

There has been recently brought to my attention, a capital position of Blair & Co., Inc. as of January 31, 1970 computed by an Exchange examiner and based on information taken from the records of the firm. This computation indicates a capital deficiency of approximately $2,500,000 and a ratio of aggregate indebtedness to net capital as 38-8%. The figures were not checked back to the detailed records and I fully recognize that the deficiency indicated is not a reliable figure and may be more or less, depending upon further refinements of the basic information. However, until such time as a more reliable figure can be computed, I feel it is essential that Blair & Co. take immediate steps to inject new capital to the extent of not less than $3,500,000. Please let me know as soon as this has been accomplished.

Sincerely,

/S/ ROBERT M. BISHOP

Robert M. Bishop
Vice President

JJDelgnan:hb

E 333

PLAINTIFFS' EXHIBIT 62

LETTER BLAIR (RICHARDSON) TO DEIGNAN, MARCH 23, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALB NEWYORK

Telephone
DI 4-4000

March 23, 1970

Mr. John Deignan
Department of Member Firms
New York Stock Exchange
4 New York Plaza
New York, N.Y.

Dear Mr. Deignan:

As you know, Blair & Co., Inc. has been negotiating with several individuals for the obtaining of additional long-term capital. The absence of a book value for the Blair capital stock has greatly complicated the documentation of the financing.

We enclose drafts of the following documents:

1) Collateral Agreement for Secured Demand Note Accounts
2) Blair Option Agreement, for the granting of options to senior subordinated capital lenders to purchase Blair stock
3) CMC Option Agreement, for the granting of options to senior subordinated capital lenders to purchase stock of Capital Management Corporation, a Rule 321 affiliate of Blair.

We hope within the next day or two to execute with Dr. John P. Foley, Jr. agreements substantially in the form of the enclosed drafts in order to obtain from Dr. Foley a loan of securities having a market value of approximately $4,000,000.

Mr. Fred Stock suggested that we send these drafts to you in the first instance with a view to your being able to expedite their clearance to the point where we can get them executed. Miscellaneous other documents, including Dr. Foley's long-form application, will be filed very shortly.

We will deeply appreciate anything you can do to get these papers cleared at the earliest possible moment.

Very truly yours,

John B. Richardson

JBR/ft
Encl.
BY HAND

E 334

PLAINTIFFS' EXHIBIT 62A

LETTER BLAIR (RICHARDSON) TO DEIGNAN, MARCH 24, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALB NEWYORK

Telephone
DI 4-4000

March 24, 1970

Mr. John Deignan
Department of Member Firms
New York Stock Exchange
4 New York Plaza
New York, New York

Dear John:

Referring to our conversation this morning and your conversation with Jim Rush yesterday afternoon, I enclose a suggested form of letter to be signed by a major bank indicating its agreement to make a loan in a substantial amount on 27,875 shares of Amicon Corporation. We are told that the most recent sale of a substantial block of this stock was at $35 per share.

We are also told that this form was approved by the Exchange upon request of another member firm several months ago.

We would appreciate your advice as soon as possible as to whether this will be acceptable to the Exchange, in accordance with the circular issued under date of November 14, 1969 or otherwise, to permit Blair to obtain capital credit for these shares under Rule 325.

Very truly yours,

John B. Richardson

JBR/ft
Enclosure....
BY HAND

E 335

Plaintiffs' Exhibit 62A

(LETTERHEAD OF MAJOR BANK)

Dr. John P. Foley, Jr.
50 East 42nd Street
New York, New York 10017

Dear Dr. Foley:

In connection with your recent loan request, we are happy to commit to you a loan in the amount of $_____ to be supported by 27,875 shares of Amicon Corporation.

We understand that these 27,875 shares of Amicon Corporation stock are pledged as collateral for your subordinated account with Blair & Co., Inc.

Very truly yours,

(BANK)

E 336

PLAINTIFFS' EXHIBIT 64

MEMO BY DEIGNAN, APRIL 3, 1970

M E M O R A N D U M

April 3, 1970

Blair & Co.

This afternoon at about 4:45 p. m., I spoke with Mr. Joseph Daley of Mudge, Rose, Guthrie & Alexander relative to steps being taken by Blair & Co., Inc. to comply with our directive of April 1, 1970 regarding capital compliance. Mr. Daley said that the closing of the Foley loan was then in the process for an amount in the neighborhood of $2,000,000 capital value; that one Secured Demand Note issuer had replaced $955,000 worth of securities with an equivalent amount of cash releasing $286,500 of additional capital; that on Monday, April 6th there would be another replacement of $800,000 releasing $240,000 of additional capital. Mr. Daley also said that on Monday there would be a meeting of all Secured Demand Note issuers who are members or allied members, at which time a determination will be made as to the priority of liquidation of securities underlying the Secured Demand Notes.

In an earlier conversation, Mr. Daley had told me that the firm was being required to submit to the S.E.C. in Washington a questionnaire relative to its capital position. This questionnaire is due today but Mr. Daley said that an extension had been granted until Monday. He promised to send me a copy.

Mr. Daley also indicated that on Monday he would be visiting the New York office of the S.E.C. in an effort to forestall any proceedings against Blair & Co., Inc.

John J. Deignan

E 337

PLAINTIFFS' EXHIBIT 65

LETTER BISHOP TO HEPBURN, APRIL 7, 1970

April 7, 1970

Mr. Benjamin H. Hepburn
Blair & Co., Inc.
20 Broad Street
New York, New York 10004

Dear Mr. Hepburn:

It is my understanding that despite my letter of April 1, 1970, Blair & Co., Inc. did not bring its capital into compliance with Rule 325 by the close of business on Friday, April 3, 1970 and still continues in violation. These facts will be incorporated in the memorandum of charges which will be brought against Blair & Co., Inc. by this Department for violating the Exchange's minimum capital requirements.

Let me again make it clear that we expect Blair & Co., Inc. to take immediate steps to comply with Rule 325. You are hereby directed to refrain from opening any new accounts for customers until this has been accomplished.

Very truly yours,

/s/ ROBERT M. BISHOP

Robert M. Bishop
Vice President

JJDeignan:hh

E 338

PLAINTIFFS' EXHIBIT 66

LETTER HEPBURN TO NYSE (DEIGNAN), APRIL 7, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Cable Address
OCRIALB NEWYORK

Telephone
DI 4-4000

April 7, 1970

change
Department of Member Firms
4 New York Plaza
New York, New York

Attention: Mr. John Deignan

Dear Sirs:

In connection with the contribution by Dr. John P. Foley, Jr. of a secured demand note as subordinated capital of this member corporation, we are pleased to enclose the following documents:

1) Application (long-form) of Dr. Foley to the Exchange. SEC 1 TO SEC 4 OF FILE

2) Application (long-form) of Mrs. Anne A. Foley, Dr. Foley's wife, who is a joint owner with Dr. Foley of certain of the securities pledged as collateral for Dr. Foley's secured demand note.

3) Application (long-form) of Mrs. Anita Salisbury, who is the owner of certain of the collateral securities.

4) Copy of the Collateral Agreement dated April 3, 1970, to which a copy of the Secured Note is annexed as Annex I.

5) Copy of April 3 letter of authority from Anne A. Foley, Anita Salisbury and J.P. Foley & Co., Inc. to Dr. John P. Foley Jr. with respect to pledge of their securities, or interests therein, as collateral for the secured demand note.

E 339
Plaintiffs' Exhibit 66

6) Copy of authorization from Dr. Foley to Shields & Company to transfer his account to Blair & Co., Inc.

7) Certified resolutions of the Board of Directors, and consent of stockholders, of J.P. Foley and Company, Inc., authorizing participation of that company in the secured demand note transaction.

8) "Knowledgeability" letter signed by Dr. Foley and addressed to the Exchange.

9) Copy of Blair Option Agreement.

10) Copy of CMC Option Agreement.

11) Copy of Certificate of Amendment, dated April 3, 1970, to the Certificate of Incorporation of Blair, amending Section 4[illegible].5 so as to exempt the Foley options from the pre-emptive right provisions.

12) April 3, 1970 letter agreement between Blair and Dr. Foley with respect to reductions in the amounts of the Secured Note and Options until such time as arrangements are completed to have 28,875 shares of Amicon Corporation included in computation of net capital under Rule 325.

The approximate capital value (after hair-cuts) of the collateral securities, other than the Amicon shares, on April 3, 1970 was $2,000,000.

We wish to point out that you have previously agreed to permit the inclusion of Dr. Foley's contributions as capital prior to former clearance and approval of the long-form applications.

Very truly yours,

BLAIR & CO., INC.

By: B. H. Nelson
Vice President and Secretary

/ft

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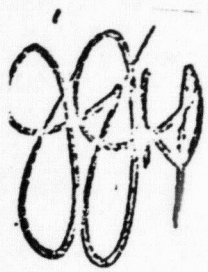
PLAINTIFFS' EXHIBIT 66A

MEMO BY DEIGNAN, APRIL 7, 1970



M E M O R A N D U M

April 7, 1970

BLAIR & CO., INC.

This morning I spoke with Mr. Joseph Daley of Mudge Rose, Guthrie & Alexander about the status of the Blair & Co., Inc. situation and he provided the following information.

Yesterday Mr. Daley met with representatives of the New York Regional Office of the S.E.C. including Messrs. Moran, Barton, Block and Churnis. At that time, he presented a capital position of Blair & Co. as of February 28, 1970 indicating a deficiency of $4,513,000. This deficiency has been reduced by the Foley loan of $2,000,000 capital value and $800,000 released by cash substitutions for Secured Demand Note collateral. The S.E.C. had directed that by Thursday of this week definite steps must have been taken by the firm to clear up the entire capital deficiency plus an additional $500,000 cushion.

According to Mr. Daley, approximately $5,100,000 can be released for capital purposes by the conversion of Secured Demand Note collateral to cash. Yesterday the Directors of Blair & Co., Inc. voted to effect conversion of 75% of this amount which should be sufficient to meet the S.E.C. directive. The Schwabacher Directors have not as yet agreed to this arrangement but there seems to be no alternative to their doing so. There is one problem which is traceable back to the original escrow agreement in connection with the takeover of Schwabacher & Co. which provides for the return of money to certain Schwabacher partners who did not join the mergered corporation. This involves between $250,000 to $300,000. As soon as this problem is solved, Mr. Daley is sure that the Schwabacher Directors will fall in line with the conversion of Secured Demand Note collateral.

Mr. Daley acknowledged that Blair & Co., Inc. has not met the Exchange's directive in meeting capital requirements by the close of business last Friday but he asked, however, if we would go along with the same timetable accepted by the S.E.C. In response to my question Mr. Daley could give no assurances that all of the necessary liquidation would be accomplished by Thursday of this week but that he intended to urge the firm to proceed as rapidly as possible. The

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Plaintiffs' Exhibit 66A

firm is under obligation to demonstrate to the S.E.C. that substantial progress is made by Thursday to meet capital requirements.

Mr. Daley will be sending to me today a copy of the capital computation he provided the S.E.C. He will also make arrangements to have submitted to the Exchange the documentation on the Foley borrowing including the "knowledgeability letter".

JJD

E 342

PLAINTIFFS' EXHIBIT 68

LETTER CARR TO BLAIR (HEPBURN), MAY 7, 1970

File Corporate JF

May 7, 1970

Blair & Co., Inc.
20 Broad Street
New York, New York 10005

Attention: Mr. Hepburn

Gentlemen:

We wish to acknowledge the receipt of your letter of April 7, 1970 addressed to Mr. John Deignan concerning the secured demand note contributed by Dr. John P. Foley, Jr., accompanied by a copy of the Collateral Agreement and letter of authority dated April 3, 1970.

We feel that the letter of authority addressed to Dr. Foley from Anne Foley, Anita Salesbury and J. P. Foley & Co., Inc. is satisfactory to the Exchange. However, we have found objections to the corporate documentation in support of the authority granted on behalf of J. P. Foley & Co., Inc. in the following areas:

(1) The certified resolution of the Board of Directors seems to authorize a Note and Collateral Agreement directly with Blair & Co., Inc. while the minutes of the Board of Directors meeting describe a resolution which authorizes an agreement between Dr. Foley and Blair & Co., Inc. and the deposit of corporate securities with Blair pursuant to those agreements.

1

4-7-70 JF

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Plaintiffs' Exhibit 68

(2) It appears that the consent of the voting stockholders of J. P. Foley & Co., Inc. refers to the maintenance of a pledge account with Blair & Co., Inc. in the name of the corporation rather than in the name of Dr. Foley.

(3) The Option Agreements and knowledgeability letter are confusing inasmuch as Dr. Foley's note obligation is not subordinated.

Please be advised that before the Exchange can consider the transaction authorized by J. P. Foley & Co., Inc. the corporate documentation will have to conform to the description contained in minutes of the meeting of April 3, 1970.

Very truly yours,

William G. Carr
Manager

JFazio:AV

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PLAINTIFFS' EXHIBIT 70

WORKSHEET RE BLAIR SPECIAL FINANCIAL QUESTIONNAIRE
a/o JANUARY 31, 1970 DATED APRIL 22, 1970

FBS
AES

Not Commented on
as firm being handled
by special Coordinator
and under close observa-
tion.

JBS

BEST COPY AVAILABLE

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Plaintiffs' Exhibit 70

Blair & Co. Inc. Equity

JAN 31 1970

NET WORTH	193,792	1
NET C.A.	8,543,563	2
FED.	497,693	3
EX. NET C.		4
RATIO		5
NON EX. TO EX. NET C.		7
		8

Gen. Ledger Balances 99,457,855

Net Capital 764,363

Ratio 1301 %

Commitments

30	3605000	
15	68000	
10	35[illegible]000	
5	547000	
4	260000	
3	444000	
2	67000	
1	71000	
0	67000	8387000 *

Deficit adjustments

If market value of marketable securities differences listed in the amounts listed on the Statement of Financial Condition ($37,376 plus $13,858,834), but not then deducted from the adjusted Net Capital. If these values had been deducted, there would have been a capital deficit of $131,542.

Deficit additions:

Gen. Ledger Debit Balances $396,354 Cr., long memorandum accounts $981,271.75

Subordinated debentures 1,974,045.51 - maturities - subordinated as all lenders not given the default affidavit

II. (f)(1) $1,250,780 - note maturities + deficit added back

Also not included collateral of $9,072,[illegible]53 in customers' accounts, General ledger of $9,560,349.64 as COMD of 5,019,36[illegible] was deducted in the analysis. Collateral was noted to include collateral - ie 10,500 shares of Leychem at 24 1/4 which was closing at 27 5/8 at 4/15 (2835 shares collateralizing debit balances in customers' accounts) Note 6 - Discussion of adverse effect [illegible] of shares not acquired pursuant to guarantee of letter of Credit of Underwriters, Also additional accounts receivable $4,400,000 not included in net worth

II. (f)(2) $31,593 - Reinsurance premiums [illegible] as deducted on statement

Plaintiffs' Exhibit 70

Blair & Co. Inc. (Cont'd) Special Q

JAN. 31, 19XX

Q13 (A) (3) Securities not readily marketable - Debit

316,779 XX — No details furnished - included

in Det. South but not in Net Capital

The following ledger balances were extended

in Part I of the answer:

	Dr.	Long Value	Net Value	
Q10C	337755.09	4XX00	37 376	See note (1)
13	220 XX5.43	10018 X9	858834	See note (5)
	1107960	14 X3831	896 X10	

Note (1) to the answer states that the balances are the result of out of balance condition subject to reconciliation

Note (5) states, in effect, that in computing provision for net capital purposes, no credit has been taken for long value and no charge was made for the debit or short carry valuation.

For analytical purposes, no value was allowed for the long value, the debit was charged, and the short carry value was entered as a charge in the allowable computation as previously set forth in the above schedule.

Q11(C)(3) Excess of margin deficit Dr. 7,147,848.99

Q13 - Accrued interest receivable on customers' secured accounts - current $ 66,000 Dr. - allowed in analysis

Q13 - accrued interest on securities in proprietary accounts Dr. 93,8XX.36 - not allowed since details were not submitted

Q13 - Dividends Receivable Dr. 1,0X0,50X and short value $91,80X.00 - Note 3 states current dividend receivable Dr. 395,706.95. In the absence of a [illegible] statement that these dividends are marketable less than 30 days old, it is the deficit & the short carry were treated as debit items in computing net capital.

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Plaintiffs' Exhibit 70

Hall + Co Inc. (Cont'd)

Special

JAN 31, 1970

Page 130(3)

Q13 - Account receivable from Hall & Co acquired February 28, 1969 (Note 4) $3,777,014.56

Note 4 - It is reasonable to anticipate that this receivable will be substantially satisfied by the proceeds generated from disposition of capital assets.

Charge to the text in the analysis.

Discussion with the Capital demand note, it was noted that the Drawdown plus the Credit balance in the pledge account in all cases was exactly equal to the face amount of the note.

Q19 - Indebtedness - only cost given - shares and cost as of market in analysis.

Note 2 - The 20 Class B voting cumulative preferred stock was authorized and issued under the terms of agreement and plan of reorganization between Dec. + P.W. Brandt + Co Inc. + Hall Steel Co dated May 31, 1968 - Ratio of conversion not entirely clear especially since stock reported to although would is not so treated by response to Q11.

Q16 - Legal action pending - list details attached

Note that answer dated Dec 2/13/69 and was not received until 4/9/70

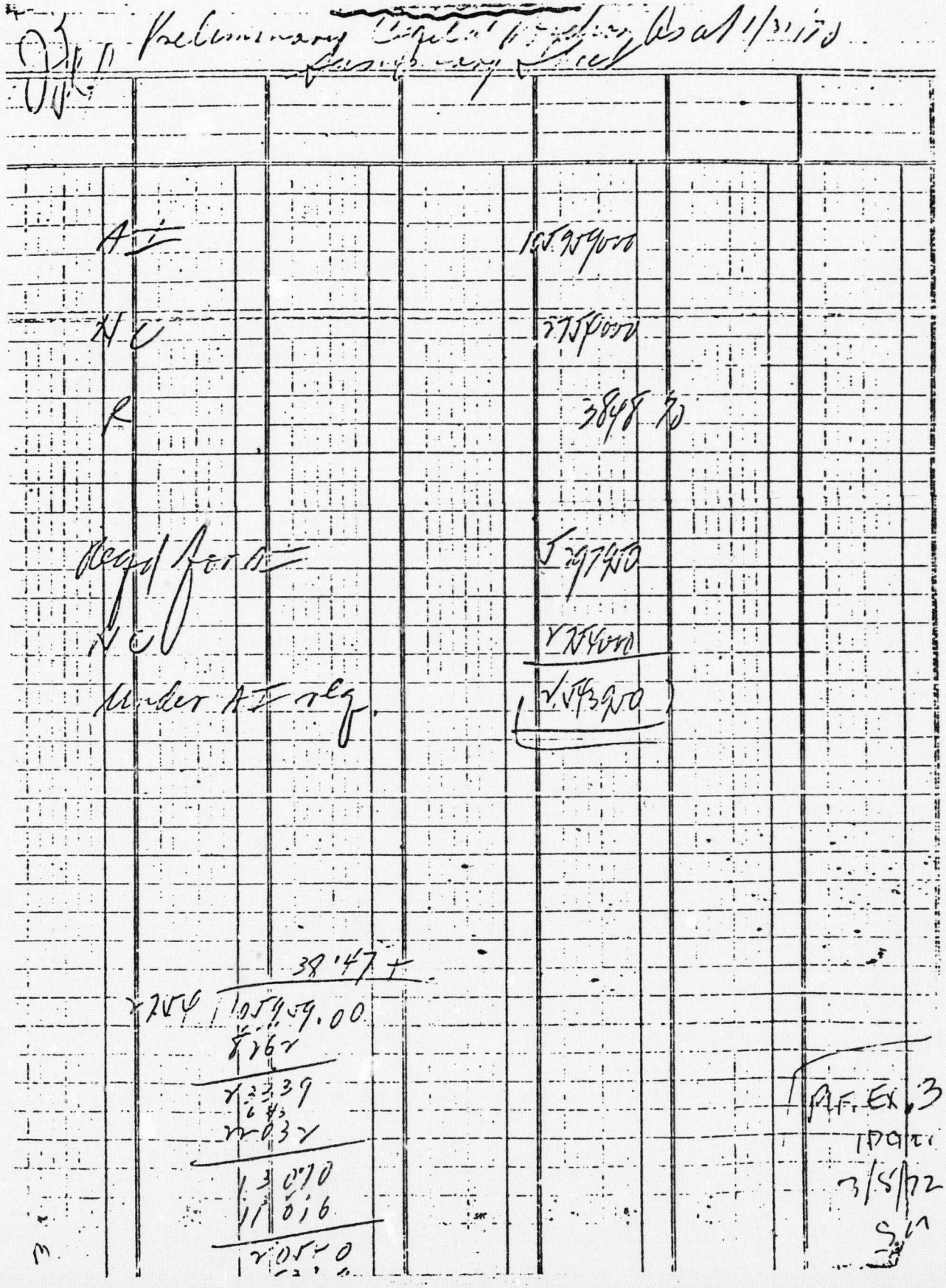
Dr. Kaiser

4/22/70

E 348

PLAINTIFFS' EXHIBIT 71

WORKSHEET, UNDATED



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PLAINTIFFS' EXHIBIT 72

MEMO KASPARECK TO GRANNIS, APRIL 23, 1970

NEW YORK STOCK EXCHANGE

MEMORANDUM

April 23, 1970

TO: Mr. Frederic W. Grannis

FROM: Mr. Joseph M. Kaspareck

SUBJECT: Blair & Co., Inc. A. C. V. #15

On April 9, 1970, the answers to a special questionnaire as of January 31, 1970 were received. These answers were due on February 13, 1970. Analysis of the answers was completed on April 15, 1970, checking by April 20, 1970, and a white sheet completed on April 22, 1970.

The capital position as determined from such answers follows:

Aggregate Indebtedness	$99,457,855
Net Capital	764,363
Ratio	13,012%
Commitments	8,387,000

The Net Capital required to carry the Aggregate Indebtedness is $4,972,893.

It should be noted that the responses to Question 10 and Question 13 include the following security differences:

Long	$1,423,831
Short	896,210

No effect has been given in the previously stated capital position for these differences, but if the short cover had been charged the result would be a Net Capital deficit of $131,847.

The commitment figure shown does not include collateral 9,072,295.53 for Capital demand notes of $19,560,349.64. A ..iency of $5,019,386 was charged in the analysis to arrive at capital value of these notes.

Note-6 of the answers states that since January 31, 1970, ,00,000 has been added to the respondents' Net Capital in the .. of secured demand notes. In addition $13,000,000 in demand notes .. in process of being liquidated and will generate approximately .,000,000 in additional Net Capital.

The response to Question 13 includes a debit of $3,772,074.59, "mount receivable from Schwabacher & Co. acquired February 28, 1969." ..se 4 in the answers states that the respondent anticipates ultimate-.. receiving this balance from the proceeds of liquidation of sub-.dinated secured demand note collateral contributed by certain .arties.

An examiner is currently visiting this organization and the coordinator is being kept advised as current information is .eveloped.

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PLAINTIFFS' EXHIBIT 75

LETTER BISHOP TO BLAIR (RAMSEY), JULY 28, 1970

NEW YORK STOCK EXCHANGE
DEPARTMENT OF MEMBER FIRMS
4 NEW YORK PLAZA
AT BROAD AND WATER STREETS
NEW YORK, N. Y. 10004

ROBERT M. BISHOP
VICE PRESIDENT
DIRECTOR
(212) 623-5250

December 2, 1969

Blair & Co, Inc.
20 Broad Street
New York, New York 10005

Attention: Mr. B. H. Hepburn

Gentlemen:

In accordance with your request of November 20, 1969, we are granting you a further extension until December 8, 1969, for the filing of an answer to the Regular Financial Questionnaire of Blair & Co., Inc. However, with respect to the Special Financial Questionnaire due from the Schwabacher Division of Blair & Co., Inc., we note that three extensions covering 45 days have already been granted. Under the circumstances, we do not feel that any further extension is warranted and we must ask that you submit the answer as promptly as possible.

Very truly yours,

Robert M. Bishop

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PLAINTIFFS' EXHIBIT 79

LETTER OLSON TO MINEN, JANUARY 15, 1970

File #12.2

JAN 15 1970

January 15, 1970

Mr. Maurice Minen
New York Stock Exchange
4 New York Plaza
New York, New York

Dear Maurice,

Enclosed are xerox copies of Blair & Co., Inc.'s Statement of Financial Condition at September 26, 1969 and notes thereto, incorporating (hopefully) all of the changes we have discussed over the last several days. Also enclosed is a draft of the combining Statement for Blair's two divisions which should facilitate Vince Basso's work.

As it is important that the statement be issued as soon as possible I would appreciate hearing from you at your earliest convenience.

Yours very truly,

Walter N. Olson

Enclosures

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PLAINTIFFS' EXHIBIT 91

LETTER CONRAD TO FOLEY, NOVEMBER 2, 1961

A. ALFRED CONRAD
COUNSELOR AT LAW

TELEPHONE MISSION 7-3070

1440 BROADWAY
NEW YORK 18, N.Y.

November 2, 1961.

J.P.Foley & Co.,Inc.,
50 East 42nd Street,
New York 17, N.Y.

Re: J.P.Foley & Co.,Inc. v. Reynolds & Co.

Gentlemen:-

I am enclosing herewith check in the sum of $2500.00, made payable to your order. Will you be good enough to have this check endorsed as follows:

"Pay to the order of A.Alfred Conrad, Atty.
J.P.Foley & Co.,Inc.
By: John P.Foley,Jr., Pres."

and return to me.

I may have a little difficulty in view of the fact that the check is made payable to a corporation, but I feel assured that my bank will accept same in view of the fact that this is the proceeds of a settlement and the check ultimately will go to the corporation, minus my fees.

I am also enclosing herewith a certificate of stock of the Applied Science Corporation of Princeton, which certificate bears #C11648, for 100 shares, and the stockholder is one Max Feinerman, whose signature appears on the back, and signature guaranteed by Reynolds & Co.,

Very truly yours,

A. ALFRED CONRAD

AAC:LK
Enc.

By certified mail

No. 674991

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO: J.P.Foley & Co.,Inc.

STREET AND NO.: 50 East 42nd Street,

CITY AND STATE: New York 17,N.Y.

If you want a return receipt, check which ☐ 10¢ shows to whom and when delivered ☐ 35¢ shows to whom, when, and address where delivered

If you want restricted delivery, check here ☐ 50¢ fee

FEES ADDITIONAL TO 20¢ FEE

POSTMARK OR DATE

POD Form 3800
Jul 1957

SEE OTHER SIDE

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PLAINTIFFS' EXHIBIT 92A

NET CAPITAL COMPUTATION AS OF FEBRUARY 28, 1970, UNDATED

	12-31-67	1-31-70	ESTIMATE 2/25/70
Gross Capital	24 245 520	21 137 366	23 500 000
Capital Charges	20 742 043	20 500 401	21 000 000
Net Capital	3 502 477	636 965	2 500 000
Required Capital	5 985 650	5 065 637	5 500 000
Excess Capital	(2 483 173)	(4 428 672)	(3 000 000)
Ratio			
Potential capital			
Schwabacher Subordinated	1 000 000		
Fahey	2 000 000		
	3 000 000		

RUSH

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DEFENDANT'S EXHIBIT A

FOLEY'S "VITAE", UNDATED

J P FOLEY AND COMPANY, INC

of Bloomington, Indiana, John Porter Foley, Jr. gained graduate training at Indiana University, graduating [illegible] inction in 1931. He subsequently received his A.M. and Ph.D. degrees in psychology from Columbia University. Dr. Foley has taught at Indiana University, Barnard College, Columbia University, the University of Wisconsin, and The George Washington University. For several years he served as a consultant to the Capitol Transit Company, in Washington, D.C. Joining the staff of the Industrial Division of The Psychological Corporation in New York in 1944, he advanced to the post of Director of this Division, and for five years served as a Vice President of the Corporation as well as a member of the Executive Committee. Dr. Foley resigned from The Psychological Corporation at the end of 1955 to form his own management consulting organization, located at 50 East 42nd Street, New York City, which specializes in the areas of corporate organization and planning, selection and training programs, evaluation of key personnel, management development, employee attitude surveys, communications, and new acquisitions and mergers. Dr. Foley has published widely in psychological journals, has co-authored several books, and is a member of Phi Beta Kappa and Sigma Xi, a Fellow of the American Psychological Association, and a Diplomate in Industrial Psychology of the Board of Examiners of the American Psychological Association. In addition to J. P. Foley and Company, Inc., his Board Directorships include Rogers Corporation (Rogers, Connecticut), Amicon Corporation (Lexington, Massachusetts), and Consulting Psychologists Press, Inc. (Palo Alto, California).

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DEFENDANT'S EXHIBIT B

BLAIR STATEMENT OF INCOME FOR FEBRUARY, 1970

STATEMENT OF INCOME - FEBRUARY 1970

INCOME	Current Month	%	Prior Month	%	Current Year to Date	%	Prior Year to Date	%
Commissions - N.Y.S.E.	528 655	36.6	573 569	33.9	1 102 444	35.2	1 [illegible]	[illegible]
" - A.S.E.	250 011	17.3	346 519	20.5	596 530	19.0	1 057 035	[illegible]
" - Other Exchanges	48 604	3.4	52 638	3.1	101 292	3.2	212 828	[illegible]
" - Over-the-Counter	189 950	13.1	230 302	13.6	420 262	13.4	1 016 556	[illegible]
Corporate Underwriting	56 046	3.9	122 387	7.2	178 433	5.7	432 213	[illegible]
" Trading	110 023	7.6	72 704	4.3	182 727	5.8	294 231	[illegible]
Municipal Underwriting & Trading	124 988	8.6	130 414	7.7	255 402	8.1	68 307	[illegible]
Mutual Funds	92 644	6.4	121 821	7.2	214 465	6.8	361 435	[illegible]
Fees	40 484	2.8	35 381	2.1	75 865	2.4	543 631	[illegible]
Other Income	5 239	.3	6 829	.4	12 068	.4	261 508	[illegible]
Total Income	1 446 657	100.0	1 692 684	100.0	3 139 491	100.0	5 [illegible]	[illegible]
PRODUCTION EXPENSES								
Sales Compensation	369 363	25.5	439 131	25.9	808 494	25.8	1 823 133	30.4
Salesmens Excess Draw	92 548	6.4	103 471	6.1	196 019	6.2	55 474	.9
Incentive Bonus	38 684	2.7	34 377	2.0	73 061	2.3		
Expenses Recoverable from Salesmens	(2 190)	(.1)	(6 604)	(.4)	(8 794)	(.3)	(33 004)	(.5)
Floor Brokerage	49 550	3.4	49 620	2.9	99 170	3.2	207 134	3.5
Exchange Dues & Comm. Fees	9 651	.7	11 703	.7	21 354	.7	131 514	2.2
Other	2 142	.1	4 013	.2	6 155	.2		
Total Production Expenses	559 750	38.7	635 711	37.4	1 195 461	38.1	2 [illegible]	[illegible]
INCOME AFTER PRODUCTION EXPENSES	887 107	61.3	1 056 973	62.6	1 944 030	61.9	3 [illegible]	[illegible]
OPERATING EXPENSES								
Employee Costs								
Salaries - Officers & Empl	926 629	64.1	838 645	49.5	1 765 274	56.2	1 [illegible]	[illegible]
Overtime & Meals	81 171	5.6	79 234	4.7	160 405	5.1	155 626	[illegible]
Trainee Salaries	8 500	.6	4 809	.3	13 309	.4	84 175	[illegible]
" Expenses			150		150		25 137	[illegible]
Employee Benefits	134 309	9.2	100 640	5.9	234 949	7.5	282 625	[illegible]
Managers Compensation							[illegible]	[illegible]
Total Employee Costs	1 150 610	[illegible]	1 023 478	[illegible]	2 174 087	69.2	2 [illegible]	[illegible]
Communication Costs								
Telephone	109 650	7.6	84 329	5.0	193 979	6.2	293 012	[illegible]
Teletype - Telegrams	50 351	3.5	63 295	3.7	113 650	3.6	69 336	[illegible]
Ticket & Quotation Services	69 295	4.8	49 810	2.9	119 105	3.8	143 928	[illegible]
Stationery & Supplies	38 176	2.6	22 646	1.3	60 822	1.9	104 137	[illegible]
Postage & Shipping	30 412	2.1	24 205	1.4	54 617	1.7	[illegible]	[illegible]
Total Communication Costs	297 887	20.6	244 269	14.5	542 176	17.2	[illegible]	[illegible]
Occupancy Costs								
Rent & Utilities	142 294	9.8	139 308	8.2	281 602	9.0	261 008	[illegible]
Equipment Rental	18 305	1.3	19 820	1.2	38 125	1.2	26 777	[illegible]
Service Center	86 802	6.0	85 207	5.0	172 009	5.5	82 206	[illegible]
Insurance	13 862	.9	11 293	.7	25 155	.8	21 742	[illegible]
Amortization & Depreciation	34 495	2.4	34 607	2.0	69 102	2.2	105 620	[illegible]
Maintenance & Repairs	19 637	1.4	9 022	.5	28 659	.9	[illegible]	[illegible]
Total Occupancy Costs	315 395	21.8	299 257	17.6	614 652	19.6	[illegible]	[illegible]
Promotional Costs								
Advertising	17 206	1.2	3 235	.2	20 441	.7	64 922	[illegible]
Periodicals & Statisticals	17 289	1.2	16 848	1.0	34 137	1.1	37 923	[illegible]
Travel & Entertainment	29 584	2.0	25 312	1.5	54 896	1.7	113 565	[illegible]
Promotional Material	1 928	.2	121		2 049		[illegible]	[illegible]
Total Promotional Costs	66 008	4.6	45 516	2.7	111 524	3.5	[illegible]	[illegible]
Other Costs								
Errors	20 112	1.4	53 621	3.2	73 733	2.3	94 851	1.6
Bad Debts	1 001	.1			1 001		7 701	[illegible]
Professional Fees	42 524	2.9	30 497	1.8	73 021	2.3	389 197	6.5
State & Local Taxes	4 338	.3	2 004	.1	6 342	.2	27 607	.5
Other	52 528	3.5	50 370	3.0	102 898	3.3	117 161	2.0
Total Other Costs	120 506	8.3	136 492	8.1	256 995	8.1	[illegible]	[illegible]
Total Operating Expenses	1 950 410	134.8	1 749 032	103.1	[illegible]	[illegible]	[illegible]	[illegible]
NET OPERATING INCOME	(1 063 303)	(73.5)	[illegible]	(40.5)	[illegible]	(95.7)	[illegible]	[illegible]
Interest Income	280 305	19.4	312 810	18.4	592 625	18.8	900 [illegible]	[illegible]
Cost of Money	463 892	32.1	586 445	34.6	1 050 347	33.5	472 185	8.6
NET	[illegible]	(12.9)	[illegible]	(16.2)	[illegible]	(14.7)	[illegible]	[illegible]
NET INCOME BEFORE F.I. TAXES	[illegible]	(86.3)	[illegible]	(56.7)	[illegible]	(70.4)	[illegible]	[illegible]
FEDERAL INCOME TAXES							[illegible]	[illegible]
NET INCOME	(1 247 089)	(86.3)	(960 536)	(56.7)	(2 213 759)	(70.4)	[illegible]	[illegible]

BLAIR & CO., INC.
SUMMARY OF RETAIL OPERATIONS
FEBRUARY, 1970

Metropolitan Region	GROSS INCOME Current Month	GROSS INCOME Current Y-T-D	GROSS INCOME Prior Y-T-D	PROPERTY EXPENSE Current Month	PROPERTY EXPENSE Current Y-T-D	PROPERTY EXPENSE Prior Y-T-D	OPERATING INCOME Current Month	OPERATING INCOME Current Y-T-D	OPERATING INCOME Prior Y-T-D	NET INTEREST Current Month	NET INTEREST Current Y-T-D	NET INTEREST Prior Y-T-D	NET INCOME (LOSS) Current Month	%	NET INCOME (LOSS) Current Y-T-D	%	NET INCOME (LOSS) Prior Y-T-D	%
Jeffville	15 634	36 948	59 408	9 806	20 110	21 934	11 273	20 319	18 387	38	43	-	(5 408)	(35)	(3 643)	(9)	12 477	12
Haverill	15 071	34 329	66 690	7 731	14 503	28 309	14 742	24 043	15 479	236	837	-	(5 697)	(35)	(3 358)	(10)	22 224	33
Marvelle	13 868	17 298	61 350	8 169	15 244	20 303	15 614	25 604	22 862	(644)	(1 041)	-	(10 784)	(79)	(24 690)	(194)	14 524	19
Terrace	41 746	89 191	146 643	20 201	41 308	62 092	18 821	35 510	50 012	180	2 324	-	4 074	11	24 619	16	31 474	22
Zeppelin	17 772	35 493	55 057	9 229	18 197	24 071	11 093	21 790	24 530	13 773	13 795	-	4 544	64	9 044	25	8 455	12
Grand Street	52 193	208 622	-	40 996	77 503	-	53 534	99 553	-	-	2 625	-	8 218	9	52 121	25	-	-
Park Avenue	44 662	110 104	216 778	24 083	69 175	92 517	36 231	70 322	83 246	(11 816)	(10 408)	(291)	(17 342)	(60)	(32 990)	(34)	40 941	32
Total	221 145	521 778	609 586	121 014	276 140	257 366	151 267	257 638	233 586	1 167	8 011	(291)	(25 459)	(18)	(6 922)	(3)	131 215	22
Downtown System																		
Regional Manager	-	-	-	-	-	-	7 052	14 470	-	-	-	-	(7 052)	-	(10 470)	-	-	-
Arlington	11 075	24 074	28 377	8 920	20 110	30 048	12 518	21 991	28 860	(1 352)	(2 974)	(233)	(11 715)	(63)	11 317	(34)	18 435	24
Atlanta	15 477	42 703	30 916	13 376	27 044	16 709	20 763	36 180	7 373	132	(924)	(291)	(15 329)	(82)	(2 669)	(5)	7 475	18
Chattanooga	-	4 209	-	4 446	4 446	-	3 624	3 824	-	-	-	-	(4 070)	(93)	(4 070)	(95)	-	-
Cliff Beach	19 746	44 537	72 306	11 254	26 696	42 105	24 437	27 709	33 453	(533)	(1 712)	-	(15 436)	(66)	11 414	(26)	16 747	18
Philadelphia	56 415	131 867	194 616	32 358	67 178	63 116	37 181	75 568	76 089	(3 045)	(11 793)	(169)	(16 693)	30	(22 111)	(17)	55 371	28
Seattle	8 732	14 014	18 225	3 122	6 583	6 035	5 734	10 844	10 091	(1 012)	(3 240)	(700)	(3 333)	(38)	(6 617)	(45)	(79)	1
West Palm Beach	9 115	23 742	31 381	8 252	18 010	12 105	9 735	18 886	8 148	(2 418)	(2 551)	-	(10 486)	(115)	(13 747)	(53)	11 150	36
Wilmington	15 948	39 100	56 350	11 474	24 112	20 456	8 784	22 212	21 977	361	770	-	(3 344)	(21)	11 311	(34)	14 123	25
Total	157 531	326 726	431 371	101 202	224 380	221 476	130 844	237 424	186 295	(8 509)	(22 609)	(1 393)	(96 225)	(61)	(110 213)	(47)	123 554	29
Northeast Region																		
Regional Manager	-	-	-	-	-	-	4 745	8 699	-	-	-	-	(4 745)	-	(8 654)	-	-	-
Albany	8 401	20 166	33 669	4 529	11 346	16 380	3 234	10 462	14 818	(1 963)	(3 329)	(116)	(3 623)	(7)	(4 981)	(24)	5 574	21
Bristol	57 737	93 345	130 091	21 426	42 730	68 524	20 242	33 477	56 450	(1 339)	(25 843)	(272)	(4 911)	(15)	(18 965)	(20)	4 644	4
New Haven	26 418	58 062	85 349	14 152	30 501	32 359	17 203	30 327	39 891	(771)	363	(11)	(4 284)	(25)	(2 548)	(4)	33 005	33
Stamford	19 774	47 337	72 763	9 500	21 831	26 748	16 186	29 155	24 247	(1	764	-	(6 269)	(32)	(2 911)	(6)	24 772	33
Worcester	23 121	56 416	81 304	8 138	28 917	35 254	12 874	21 051	21 277	(3	(3 996)	-	(7	-	1	(8)	26 472	32
Total	135 451	275 326	403 176	57 745	135 325	179 265	74 484	133 171	156 683	(5	(32	(392)	(24	(17)	(37	(12)	94 467	23
Northwest Region																		
Regional Manager	-	-	-	-	-	-	4 746	8 731	-	-	-	-	(4 746)	-	(8 731)	-	-	-
Arlington	11 935	32 010	37 817	9 935	19 012	11 731	13 320	26 610	23 055	(3 695)	(5 939)	-	(3 012)	(26)	(17	(64)	1 003	3
Clinton	24 812	70 930	278 944	10 710	28 384	134 563	30 909	53 364	121 321	1 835	4 245	(970)	(3 20	(49)	(3	(7)	23 696	9
Hamilton	66 612	159 046	99 244	36 558	79 452	35 803	35 096	99 560	28 086	(1 077)	(1 720)	(466)	(6 039)	(9)	19	7	34 806	35
Pittsburgh	15 234	36 429	56 320	11 684	23 513	29 910	10 333	20 422	24 159	(476)	(1 016)	-	(6	(6)	(5	(24)	2 249	4
Rochester	2 901	6 602	7 055	1 327	3 193	3 071	2 462	3 664	1 868	(124)	(529)	-	(1	(4)	(2	(4)	2 825	37
Spokane	6 732	16 546	19 240	3 905	8 059	16 099	5 690	17 870	17 477	103	(17)	(173)	(2 710)	(41)	(10	(62)	4 615	12
Washington	2	12	11	1	2	1	1	10	10	(1	(2	-	(1	-	(2	-	(1	-
Total	130	321	509	74	161	206	105	230	303	(5	(11	(1	(29	(22)	(69	(30)	85	17
Western Region																		
Regional Manager	-	-	-	-	-	-	7 904	10 663	-	-	-	-	(7 904)	-	(10	-	-	-
Boise	18 823	126 001	93 697	16 272	35 432	44 116	21	42	38	825	2	48	1	53	10	40	12	13
Fresno	34 334	90 333	195 903	10 403	40	64	23	42	53	1	4	3	(2	(1	7	7	22	17
Portland	23 193	81	101	12	29	45	21	36	40	4	9	3	(4	(29	6	11	14	15
Salt Lake	57 415	111	214	23	52	93	36	77	70	5	8	3	(7	(16	5	8	14	21
Sacramento	16 131	33	59	7	14	24	10	19	32	1	1	1	(1	(3	1	5	2	16
Tucson	47	92	-	8	19	-	13	73	-	1	3	-	(3	(21	1	3	-	-
Yakima	96	197	129	19	38	60	19	36	34	1	2	1	(3	(9)	2	28	17	21
Total Zone City	33	67	210	21	46	134	12	21	76	2	5	1	(9	(27)	3	23	22	29
San Francisco	64	14	20	4	9	13	59	5	7	2	5	1	(2	(3)	3	23	22	42
Denver	2	4	2	1	2	1	1	2	1	2	4	1	(2	(4)	2	13	1	42
Santa Barbara	24	49	120	29	59	45	5	37	46	2	4	2	(2	(21)	4	6	9	10
Total	294	594	1	111	246	1	183	348	1	2	4	2	(2	(1	4	1	1	1
Total Division	1	2	3	1	2	3	1	2	3	2	3	2	(2	(1	3	1	3	1
Corporate Expenses																		
Corporate Office Manager	5	9	3	1	2	1	4	7	2	-	-	1	(1	-	(2	-	1	-
Leased Trucks & Tire Shelters	2	3	12	8	8	8	6	13	7	-	-	-	(2	-	(3	-	3	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	7	12	15	9	10	9	10	20	9	-	-	1	(3	-	(5	-	4	-
TOTAL DIVISION & CORPORATE	1	2	4	1	2	3	1	2	3	2	3	2	(2	(1	3	1	3	1

E 357 Defendant's Exhibit B

BLAIR & CO., INC.
SUMMARY OF OPERATIONS
FEBRUARY, 1970

	GROSS INCOME			PRODUCTION EXPENSES			OPERATING EXPENSES			DEPRECIATION			NET INCOME					
	Current Month	Current Y-T-D	Prior Y-T-D	Current Month	Current Y-T-D	Prior Y-T-D	Current Month	Current Y-T-D	Prior Y-T-D	Current Month	Current Y-T-D	Prior Y-T-D	Current Month	$	Current Y-T-D	$	Prior Y-T-D	$
Retail	1 124 474	2 538 180	4 090 752	350 083	1 205 083	1 756 383	755 067	1 364 001	1 510 753	8 474	11 790	47 071	(180 192)	(16)	(19 194)	(1)	870 718	21
Corporate Finance	40 464	68 714	497 733	1 396	2 068	159 563	80 571	145 147	79 996	311	311	1 833	(49 193)	(122)	(78 191)	(114)	260 426	52
Private	(37 614)	(74 688)	47 204	150	231	446	15 797	33 834	44 113	(10 227)	(14 048)	(394)	(63 830)	(170)	(72 803)	(295)	2 250	5
Municipal	80 636	155 617	36 765	-	1 966	3 026	30 258	60 743	67 397	(9 458)	(1 320)	(10 328)	40 910	51	95 008	61	(44 183)	120
Investment Management	3 772	48 907	14 578	5 781	11 315	12 909	5 868	10 182	10 071	2 847	5 174	-	28 449	76	32 663	67	(8 422)	(58)
Sales Distribution & Promotional	27 046	54 791	55 829	3 128	10 727	3 574	25 351	37 872	17 740	-	-	-	(1 462)	(5)	15 694	29	34 514	62
International	7 585	11 005	17 512	1 232	1 626	6 925	13 246	26 713	13 089	330	(174)	(322)	(6 559)	(86)	(17 510)	159	(2 754)	(16)
Institutional	51 325	110 703	99 661	14 950	25 636	26 250	19 689	39 885	16 777	-	(352)	(10 853)	46 685	57	44 809	40	43 781	44
Private Trading	74 952	96 631	98 958	653	1 435	6 434	16 791	43 427	43 068	(2 173)	(6 798)	(6 068)	5 863	23	4 969	5	43 384	44
Research/Other	37 051	78 631	107 763	3 477	10 730	58 561	1 468	2 887	3 723	(525)	(525)	333	31 580	85	64 458	82	15 812	15
U.S. Securities	12 779	11 085	14 532	(517)	(1 432)	4 802	6 908	12 631	11 008	-	(728)	(2 421)	6 323	50	1 157	9	(3 799)	(26)
Total Productive Units	1 435 817	3 125 162	5 001 287	588 276	1 269 410	2 069 003	978 564	1 774 908	1 817 473	(10 421)	(6 671)	18 871	(141 424)	(10)	79 172	2	1 213 647	24
Administration & Operations	11 090	14 504	334 450	(28 376)	(73 799)	226 441	935 706	1 863 948	2 426 241	(173 496)	(451 673)	(2 640)	(1 069 825)	(9374)	(2 277 317)	(13 356)	(1 720 872)	(184)
Taxes	-	-	-	24	24	124	35 965	60 585	107 422	-	-	-	(35 969)	-	(60 609)	-	(107 546)	-
Total Income Tax	1 446 907	3 139 666	6 015 737	559 924	1 195 635	2 295 568	1 950 235	3 699 441	4 351 136	(183 917)	(458 344)	16 231	(1 247 220)	86	(2 213 755)	(71)	(614 771)	10
	-	-	-	-	-	-	-	-	-	-	-	-	-		-		39 590	-
Net Income	1 446 907	3 139 666	6 015 737	559 924	1 195 635	2 295 568	1 950 235	3 699 441	4 351 136	(183 917)	(458 344)	16 231	(1 247 220)	86	(2 213 755)	(71)	(654 361)	10

E358 Defendant's Exhibit B

E 359

DEFENDANT'S EXHIBIT C

LETTER RUSH TO FOLEY WITH 1969 INCOME STATEMENT AND BALANCE SHEET AS OF DECEMBER 31, 1969 DATED APRIL 9, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address:
OCRLALB NEW YORK

Telephone
DI 4-4000

April 9, 1970

Dr. John Foley
J. R. Foley & Co., Inc.
50 East 42nd Street
New York, N.Y. 10017

Dear Dr. Foley:

Enclosed is a Statement of Income and Expenses for the year 1969 that we previously discussed. In addition, is a balance sheet as of December 31, 1969.

Very truly yours,

James J. Rush

JJR:aw
Encl.

E 360

Defendant's Exhibit C

CONSOLIDATED - STATEMENT OF INCOME AND EXPENSES - DECEMBER, 1969

	Current Month	%	Prior Month	%	Current Year to Date	%	Prior Year to Date	%
INCOME								
Commissions -N.Y.S.E.	726 805	36.5	800 435	36.1	8[illegible] 750	32.4	11,8[illegible],[illegible]22	32.[illegible]
" -A.S.E.	381 040	19.1	375 926	17.0	[illegible]85 355	17.2	5,960,607	16.7
" -Other Exchanges	51 329	2.6	52 970	2.4	569 024	3.3	1,071,562	3.0
" -Over-the-Counter	318 128	16.0	262 358	11.9	3 595 777	13.4	5,250,726	14.[illegible]
Corporate Underwriting	258 973	13.0	301 736	13.6	3 638 042	13.7	3,849,536	10.[illegible]
" Trading	20 325	1.0	128 670	5.8	1 130 893	4.3	2,200,239	6.2
Municipal-Underwriting & Trading	88 347	4.4	60 317	2.7	884 681	3.3	1,175,[illegible]52	3.[illegible]
Mutual Funds	91 282	4.6	182 389	8.2	1 958 221	7.4	2,325,[illegible]65	6.[illegible]
Fees	34 635	1.8	30 659	1.4	984 423	3.7	1,621,434	4.[illegible]
Other	20 247	1.0	20 768	.9	340 955	1.3	[illegible]6[illegible],037	1.[illegible]
Total Gross Income	1 991 115	100.0	2 216 233	100.0	[illegible] [illegible] [illegible]	100.[illegible]	35,[illegible],[illegible]50	[illegible].[illegible]
PRODUCTION EXPENSES								
Sales Compensation	817 149	41.0	824 308	37.2	9 391 466	35.3	11,275,378	31.[illegible]
Salesmen's Excess Draw	56 234	2.8	41 758	1.9	416 634	1.6	87,356	.2
Expenses Recoverable from Salesmen	(2 561)	(.[illegible])	(1 639)	(.1)	(135 685)	(.5)	(153,[illegible]48)	(.[illegible])
Floor Brokerage	99 951	5.0	106 113	4.8	1 000 460	3.7	1,625,[illegible]26	4.[illegible]
Ex. Comm. & Clearance Fees	24 160	1.2	27 078	1.2	365 [illegible]	1.4	[illegible],[illegible]16	[illegible].[illegible]
Total Production Expenses	994 935	49.9	997 619	45.0	11 038 455	41.5	13,[illegible],[illegible]3	[illegible].[illegible]
INCOME AFTER PRODUCTION EXPENSES	996 180	50.1	1 218 614	55.0	15 553 675	58.5	22,[illegible],[illegible]32	[illegible].[illegible]
OPERATING EXPENSES								
Employee Costs								
Salaries-Employees	730 418	36.7	709 735	32.0	8 377 [illegible]	31.4	7,302,582	20.[illegible]
Salaries-Officers	63 787	3.2	83 111	3.8	981 696	3.7	937,[illegible]17	2.[illegible]
Overtime & Meals	97 545	4.9	50 473	2.3	659 437	2.5	666,[illegible]34	1.[illegible]
Trainee Salaries	17 166	.9	27 041	1.2	523 192	2.0	472,250	1.[illegible]
Trainee Expenses	10 650	.5	12 624	.6	155 764	.6	144,[illegible]55	.[illegible]
Ex. Dues & Reg. Fees	6 468	.3	4 312	.1	80 052	.3	69,226	.2
Employee Benefits	125 863	6.3	119 218	5.4	1 387 185	5.2	1,467,[illegible]92	4.[illegible]
Managers Compensation	13 499	.7	8 470	.4	366 [illegible]	1.4	[illegible],[illegible]67	1.[illegible]
Total Employee Costs	1 065 396	53.5	1 014 984	45.8	12 [illegible] [illegible]	47.[illegible]	11,[illegible],[illegible]53	[illegible].[illegible]
Communication Costs								
Telephone	143 301	7.2	131 363	5.9	1 580 664	5.9	1,419,[illegible]62	4.[illegible]
Teletype-Telegrams-Cables	46 627	2.3	64 188	2.9	457 864	1.8	318,171	.[illegible]
Quotation Services	62 890	3.2	56 890	2.6	717 877	2.7	614,[illegible]23	1.[illegible]
Tickers	7 852	.4	8 517	.4	101 [illegible]	.4	178,[illegible]09	.[illegible]
Stationery & Supplies	157 103	7.9	62 569	2.8	736 750	2.8	686,[illegible]11	1.[illegible]
Postage & Shipping	51 557	2.6	42 664	1.9	518 [illegible]	1.[illegible]	[illegible],[illegible]47	1.[illegible]
Total Communication Costs	469 330	23.6	366 194	16.5	[illegible] [illegible]	15.[illegible]	3,[illegible],[illegible]23	[illegible].[illegible]
Occupancy Costs								
Rent & Electricity	146 216	7.3	145 190	6.6	1 561 100	5.9	1,255,714	3.[illegible]
Equipment Rental	35 601	1.8	24 912	1.1	284 282	1.1	117,638	.[illegible]
Service Center	70 864	3.6	108 615	4.9	800 077	3.0	759,[illegible]57	2.[illegible]
Insurance	11 848	.6	11 730	.5	118 051	.4	117,345	.[illegible]
Amortization&Depreciation	39 451	2.0	63 183	2.9	627 929	2.4	460,[illegible]82	1.[illegible]
Maintenance & Repairs	7 689	.4	38 211	1.7	225 735	.8	[illegible],[illegible]11	.[illegible]
Total Occupancy Costs	311 672	15.7	391 843	17.7	[illegible] [illegible]	15.[illegible]	2,[illegible],[illegible]07	[illegible].[illegible]
Promotional Costs								
Advertising	68 183	3.4	27 455	1.2	534 355	2.0	476,[illegible]42	1.[illegible]
Periodical & Stat. Costs	26 132	1.3	24 941	1.1	257 199	1.0	246,[illegible]54	.[illegible]
Travel & Ent. - Employees	28 191	1.4	22 326	1.0	335 424	1.3	322,[illegible]29	.[illegible]
Travel & Ent. - Officers	26 286	1.3	26 818	1.2	270 [illegible]17	1.0	230,737	.[illegible]
Promotional Material	25 377	1.3	29 558	1.4	[illegible] [illegible]30	1.2	[illegible],[illegible]24	.[illegible]
Total Promotional Costs	174 167	8.7	131 100	[illegible].[illegible]	[illegible] [illegible]	[illegible].[illegible]	1,[illegible],[illegible]03	[illegible].[illegible]
Other Costs								
Errors	35 087	1.8	6 227	.3	383 963	1.4	586,571	1.[illegible]
Bad Debts	4 418	.2	4 843	.2	44 502	.2	152,670	.[illegible]
Professional Fees	35 833	1.8	45 256	2.0	776 109	2.9	826,731	2.[illegible]
State & Local Taxes	26 376	1.3	15 187	.7	200 689	.8	263,950	.[illegible]
Other	88 413	4.4	57 100	2.6	447 305	1.7	610,123	1.[illegible]
Total Other Costs	190 130	9.5	128 713	5.8	1 [illegible] [illegible]	[illegible].[illegible]	2,[illegible],[illegible]5	[illegible].[illegible]
Total Operating Expenses	2 210 702	111.0	2 [illegible] [illegible]	[illegible].[illegible]	[illegible] [illegible] [illegible]	[illegible].[illegible]	22,[illegible],[illegible]	[illegible].[illegible]
NET OPERATING INCOME	(1 214 522)	(60.9)	([illegible] [illegible])	(56.7)	([illegible] [illegible]	(31.[illegible])	[illegible],[illegible]3	[illegible].[illegible]
Interest Income	335 484	16.8	307 670	13.9	3 317 [illegible]	12.[illegible]	3,[illegible],[illegible]20	[illegible].[illegible]
Cost of Money	595 101	29.8	556 [illegible]	25.1	4 [illegible] 283	16.[illegible]	2,[illegible],330	6.[illegible]
NET	(259 616)	(13.0)	([illegible] [illegible])	(11.2)	[illegible] [illegible]	[illegible].[illegible]	[illegible],[illegible]49	.[illegible]
NET INCOME BEF. PROV. FOR Y/E PMTS.	(1 474 138)	(73.9)	(1 063 010)	(47.9)	(9 295 [illegible])	(35.[illegible])	63[illegible],[illegible]04	[illegible].[illegible]
PROVISION FOR Y/E PAYMENTS								
NET INCOME BEFORE F.I. TAXES	(1 474 138)	(73.9)	(1 063 010)	(47.9)	(9 295 [illegible])	(35.[illegible])	63[illegible],[illegible]04	[illegible].[illegible]
FEDERAL INCOME TAXES					[illegible] [illegible]	3.[illegible]	[illegible],[illegible]00	.[illegible]
NET INCOME	(1 474 138)	(73.9)	[illegible] [illegible]	(47.9)	([illegible] [illegible]	(31.[illegible])	31[illegible],[illegible]04	[illegible].[illegible]

DIMIN & CO., INC.
BALANCE SHEET
DECEMBER 31, 1969

ASSETS

CURRENT ASSETS

Cash in Banks	$ 10,787,178
Various Deposits	652,043
Receivable from Brokers & Dealers	20,211,372
Receivable from Customers	69,610,122
Demand notes contributed as Capital	22,203,375
Securities owned	8,270,480
TOTAL CURRENT ASSETS	$ 131,734,570

NON-CURRENT ASSETS

Membership in Exchanges	1,242,000
Furniture, Fixtures and Leasehold Improvements at Depreciated value	2,550,895
Deferred & Prepaid charges	308,867
Receivable from acquired firm	3,653,000
Miscellaneous	4,173,649
TOTAL ASSETS	$ 143,662,981

LIABILITIES--AND--CAPITAL

LIABILITIES

Money borrowed from Banks	$ 58,775,000
Payable to brokers & dealers	23,697,000
Payable to Customers	33,059,000
Firm Securities in Short Position	1,378,411
Other Liabilities	2,675,565
TOTAL LIABILITIES	$119,584,976

CAPITAL AND SUBORDINATED BORROWINGS

Subordinated Accounts		1,056,883
Secured Demand Notes		23,291,575
Preferred Stock O/S at Par	886,054	
Common Stock O/S at par	211,451	
Treasury Stock at Cost	(424,674)	
Depreciation in Exchange Seat	(416,577)	
Capital Surplus	6,722,871	
Retained Earnings	(8,149,578)	
Total Capital		(1,170,453)
Total Capital & Sub. Borrowings		$ 24,078,005
TOTAL LIABILITIES AND CAPITAL		$ 143,662,981

E 361 Defendant's Exhibit C

E 362

DEFENDANT'S EXHIBIT G

EXCERPT FROM AFFIDAVIT BY FOLEY IN VANDERBILT CASE, MARCH 19, 1973

UNITED STATES DIST
SOUTHERN DISTRICT

J. P. FOLEY & CO., INC., JOHN P. FOLEY, and ANNE A. FOLEY and ANITA SALISBURY,	70 Civ. 4194 CHT
Plaintiffs,	AFFIDAVIT IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT ON LIABILITY ONLY
-against-	
OLIVER D. VANDERBILT, JAMES R. RAMSEY, JR., THOMAS McNELL, BRUCE RAYMOND, RICHARD McDERMOTT, WILLIAM GROSSCRUGER, FRANK LYNCH, GEORGE MORPURGO, MELVILLE H. IRELAND, JAMES J. RUSH, BLAIR & CO., INC., and ARTHUR YOUNG & COMPANY,	
Defendants.	

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JOHN P. FOLEY, JR., being duly sworn, deposes and says:

1. I am one of the individual plaintiffs herein and I am also the President of J. P. Foley & Co., Inc., the corporate plaintiff, and make this affidavit on behalf of all the plaintiffs in this action,

35. Any person familiar with business and accounting knows that financial statements and the values set forth thereon are "going concern values," that is, the statements are prepared on the assumption that the concern being audited will remain in business. Statement of the Accounting Principles Board, October 1970, Basic Concepts and Accounting Principles Underlying Financial Statements of Business Enterprises, (American Institute of Certified Public Accountants) states the Rule, (at page 8):

> "BASIC FEATURES AND BASIC ELEMENTS OF FINANCIAL ACCOUNTING
>
> Basic Features
>
> 25. The basic features of financial accounting (Chapter 5) are determined by the characteristics of the environment in which financial accounting operates. The features are:
>
> (1) Accounting entity- economic activities of individual entities are the focus of financial accounting.
>
> (2) Going concern-continuation of entity operations is usually assumed in financial accounting in the absence of evidence to the contrary." (Italics in original).

and at page 45:

> "117. F-2 Going concern. An accounting entity is viewed as continuing in operation in the absence of evidence to the contrary.
>
> Because of the relative permanence of enterprises, financial accounting is formulated basically for going concerns. Past experience indicates that continuation of operations is highly probable for most enterprises although continuation cannot be known with certainty. An enterprise is not viewed as a going concern if liquidation appears imminent." (Italics in original).

E 364

Defendant's Exhibit G

John P. Foley, Jr.

Sworn to before me this

19 day of March, 1973.

LEONOR ROMERO
Notary Public, State of New York
No. 31-5231225
Qualified in New York County
Commission Expires March 30, 1974

E 365

DEFENDANT'S EXHIBIT J

LETTER BLAIR TO FOLEY, AUGUST 5, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCBLAIR NEWYORK

Telephone
DI 4-4000

August 5 , 1970

Mr. John P. Foley
50 East 42 Street
New York, New York

Dear Mr. Foley:

Under the Collateral Agreement between us you have pledged certain securities as collateral for a secured demand note, thus effecting a subordinated loan to Blair for use by it as technical capital for purposes of the capital requirements of the New York Stock Exchange and as working capital, if needed.

It is expected that a working capital deficiency will develop within the next few days, due primarily to the following factors, which are more fully discussed in a later part of this letter: (i) a sharp reduction in the income of the firm without a corresponding decrease in operating expenses, (ii) the expectation that a substantial amount of cash will be required to enable Blair to transfer customer' accounts to other firms, and (iii) other general working capital requirements. With this in view, it has become necessary that we take action to convert the collateral for outstanding secured demand notes into cash. Although securities pledged as such collateral are available for repledging as security for loans obtained by the Corporation from banks or other lenders, normally a maximum of 35% of market value can be borrowed on securities in this category, so that in order to obtain the maximum amount of working capital that can be provided, the securities must be converted into cash. Accordingly, we hereby make demand for payment of your secured note in principal amount equal to the market value of the securities and cash included in the collateral therefor. Presentment of the secured note is being made at our office at 20 Broad Street, New York

New York. If the secured note is not paid, the securities included in the collateral will be sold and the proceeds of such sale (together with any cash included in the collateral) will be applied to the payment of the secured note. Please advise Raymond B. Vreeland at our 20 Broad Street office immediately by wire or telephone if you propose to pay all or part of the secured note in cash and to withdraw the securities or any part thereof. If, by 9:30 AM, Eastern Daylight Time, on August 7, 1970, you have not paid the secured note in cash or made arrangements satisfactory to us for such payment, we will sell all your collateral securities. A debenture in the form annexed to your collateral agreement will be issued to you for the amount of the secured note paid either upon withdrawal of the securities by you or upon the sale thereof.

You are no doubt familiar with the troubles experienced in recent months by brokerage firms such as Blair whose business is heavily concentrated in the retail area. For the last 14 months we have experienced a continual heavy capital drain. Despite our efforts to remain in compliance with the minimum capital requirements of the New York Stock Exchange the point was recently reached at which our capital did not meet those requirements. At that point, the New York Stock Exchange subjected us to various operating restrictions. More recently, the Exchange has ordered Blair to divest itself of its branch office system. Current plans call for the sale of a large number of offices to Thomson & McKinnon Auchincloss Inc., on or about August 10, 1970, and transfers, most of which are in progress, to various other firms of most of the other branch offices. Branches which cannot be sold are being closed.

In April, 1970, over $11,000,000 of collateral for secured demand notes was converted into cash, thereby providing additional working capital and also increasing by more than $3,000,000 the technical capital of the firm under Rule 325 of the New York Stock Exchange. It was hoped that such conversion, together with about $2,800,000 of collateral for newly contributed secured notes obtained in early April, 1970, would provide the firm with ample capital to see it through the difficult period and permit the organization to be kept intact and in position to take advantage of any upturn in business. Unfortunately, the upturn did not occur and our capital drain continued.

The New York Stock Exchange recently notified us that no capital funds (whether evidenced by stock, subordinated

debentures, subordinated loans or otherwise) are to be returned to the contributors without the prior written approval of that Exchange. The collateral of certain secured demand note contributors had been scheduled for return pursuit to notices given in accordance with their collateral agreements with us. It is our view that the initiation of proceedings to force the return of capital to any investor might, if the investor were successful, result in suspension of the firm as a member of the New York Stock Exchange and cause the destruction of the values remaining in Blair including the accumulated tax loss carryfoward of more than $14,000,000. In this connection, we wish to point out that the Collateral Agreement requires that any controversy arising out of or relative to that agreement must be submitted to arbitration pursuant to the Constitution of the New York Stock Exchange.

At the present time and for several months to come, obligations of Blair to customers and efforts to make substantial back-office recoveries will necessitate the maintenance of certain operations functions at a substantial rate. Lease commitments for rentals of closed offices, pending assignment or subletting when possible, and other continuing expenses will produce a cash drain. It is hoped that back-office recoveries will more than offset these costs in the long run.

In the meantime, it is the judgment of our Board of Directors that the interests of Blair and its customers, its subordinated creditors and its stockholders will be best served by our retaining control over our own destiny and not surrendering that control to an outside authority.

If you have any questions in regard to the foregoing, please immediately contact Mr. John B. Richardson or Mr. Raymond B. Vreeland at (212) 344-4000.

Very truly yours,

BLAIR & CO., INC.

By James C. Rorty Jr.
President

BLAIR & CO., INC.
MEMBERS OF NEW YORK STOCK EXCHANGE
20 BROAD STREET
NEW YORK, N.Y. 10005

HAND DELIVERY

Mr. John P. [illegible]oley
50 East 42 Street
New York, New York

Received at 11:10 a.m.
8/6/70
G. P. [illegible]

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DEFENDANT'S EXHIBIT K-1

OPINION OF JUSTICE SPIEGEL, AUGUST 10, 1970

SUPREME COURT : NEW YORK COUNTY
SPECIAL TERM : PART I

- - - -

When the foregoing agreements were executed, Blair urgently needed additional current assets to meet the capital requirements of various regulatory agencies, among which was the New York Stock Exchange. Mr. Foley, after investigating the possibility of investing in another major New York Stock Exchange member firm experiencing difficulties, investigated the financial condition of Blair, and thereafter entered into the agreement in question to provide current assets, in the form of marketable securities, so that Blair could meet the regulatory requirements of the Stock Exchange in return for some emoluments for the plaintiffs.

The agreement provided, that Foley, in return for the pledged collateral, (1) would earn 3 percent interest on the market value of their collateral, (2) was granted stock options in Blair at advantageous terms, (3) was granted stock options in Blair's affiliate on advantageous terms, (4) would receive the benefit of any continued accretion in the market value of the collateral as well as dividends on the collateral, and (5) that in the event of liquidation he would receive subordinated debenture notes at current interest rates.

In a letter to the New York Stock Exchange, also dated April 3, 1970, Mr. Foley clearly stated that he not only understood the subordinated nature of his loan, but also that he was fully aware of the severe financial and operating difficulties facing Blair at the time.

Plaintiff states it is entitled to the return of the

securities it pledged and requests a stay until the arbitration by the New York Stock Exchange.

Defendant states that it has the right to the immediate use of the securities and opposes this motion for a stay.

Whether the plaintiffs' right to withdrawal of the securities has matured is also in conflict.

It thus appears that there are sharp issues of fact, and it cannot be said that the plaintiffs have demonstrated a clear right to the extraordinary relief sought in this motion.

Another impediment to the granting of a temporary injunction lies in the fact that the relief sought on this motion is wholly and precisely the final relief sought in the complaint for a permanent injunction.

Further, the movants do not claim fraud nor mistake in entering into the agreement, nor do they point to any precedent for the relief sought herein.

The "Agreement" contains in Paragraph XIII, subdivision (f), provision for arbitration:

> "Any controversy arising out of or relating to this agreement or the breach thereof shall be submitted to and settled by arbitration pursuant to the Constitution of the New York Stock Exchange. The parties hereto and all who may claim under them, shall be conclusively bound by such arbitration."

The "Agreement" artfully drawn to the satisfaction of the principals, each having a deep knowledge of the subject matter, nonetheless contains no provision or condition precedent to the arbitration provision which would justify a stay.

E 372

Defendant's Exhibit K-1

This controversy must be determined by the Stock Exchange and plaintiff is not entitled to a stay of the sale of the securities in the interim. The Stock Exchange was designated also with full comprehension of the circumstances. There is no sound ground for issuance of a provisional remedy.

Accordingly, the application for a temporary injunction is denied and the temporary stay is vacated.

Dated, August 10, 1970.

J. S. C.

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DEFENDANT'S EXHIBIT K

SUBMISSION TO ARBITRATION

SUBMISSION TO ARBITRATION

New York Stock Exchange

In the matter of the arbitration between J. P. Foley & Company, Inc., John P. Foley, Jr., Anne A. Foley, Anita Salisbury v. Blair & Co., Inc.

We, the undersigned parties, hereby submit to arbitration by the following arbitrators: Mr. Henry J. Bash, an allied member of the Exchange, a general partner of Neuberger & Berman, 120 Broadway, New York, New York and a member of the New York Stock Exchange Board of Arbitration; Professor Joseph R. Crowley, Fordham University School of Law, 140 West 62nd Street, New York, New York 10023; Albert F. Lockwood, Assistant Vice President Chemical Bank, 20 Pine Street, New York, New York the matters in controversy between us set forth in the statements as annexed hereto. We agree to abide by and perform any award rendered pursuant to this agreement, and we do further agree that a judgment of any court having competent jurisdiction thereof may be entered on said award and to that end do voluntarily submit ourselves to the jurisdiction of said court.

We further agree that the above entitled arbitration shall be held at a place to be designated by said arbitrators in the City of New York and the State of New York, and shall be conducted in accordance with Article VIII of the Constitution of the New York Stock Exchange and Rules 481-491 of the Board of Governors.

The parties agree to the panel of arbitrators set forth above and further agree that a decision of a majority of the arbitrators shall be final. The parties agree to waive all time limitations and pleading procedures as set forth in Article VIII of the Exchange's Constitution and Rules 481-491 of the Board of Governors.

During the course of the proceedings the arbitrators shall have the power to interpret and apply Rules 481-491 of the Board of Governors and such interpretation shall be binding upon the parties.

J. P. Foley & Company Inc.
By John P. Foley Jr. President.

John P. Foley Jr.

Anne A. Foley

Anita Salisbury

Blair & Co.
By

E 374

DEFENDANT'S EXHIBIT W

MEMO DEIGNAN RE APRIL 15, 1970 MEETING WITH SEC

M E M O R A N D U M

April 15, 1970

BLAIR & CO., INC.

This morning I was present at a meeting held in the offices of the Securities and Exchange Commission in the Federal Building concerning Blair & Co., at which time the following persons were present. Mr. James B. Ramsey, Jr. and Oliver Vanderbilt, President and Chairman of the Board, respectively, of Blair & Co., Inc. Joseph Daley and Norman Segal of Mudge Rose, Guthrie & Alexander, counsel for Blair & Co. William Moran, Joseph Barton, Dennis Block, Steve Ostrum and Paul Churness of the Securities and Exchange Commission.

Mr. Moran, who advised me earlier that the meeting was held at the request of Blair & Co., Inc., initiated the discussion by indicating that the SEC was interested in keeping Blair & Co. in business if at all possible. He outlined the problems of the firm with respect to capital, fails and recordkeeping and also touched upon the steps already being taken by the firm to resolve its various problems.

Moran referred to the feelings of Stan Sporkin that the Commission itself is very fearful about situations such as that which exists at Blair & Co., Inc. He indicated that the SEC staff may very well come in for criticism by the Commission if it permits a firm to continue in business when subsequent events demonstrate that this business should have been terminated.

Moran made references to a number of customer complaints and Daley said that George Saks, the Compliance Director of Blair & Co., Inc. estimates that it will take from two to three months to clear up existing open complaints filed with the SEC. Mr. Saks is to visit the SEC in the near future to discuss each of the complaints separately with a view towards expediting their solution.

Moran pointed out that at the present time it appears that Blair & Co., Inc. has excess net capital of perhaps a $1,500,000. He expressed concern that this is not sufficient excess and asked the firm representatives what steps were being taken to augment capital. Vanderbilt indicated that preliminary negotiations have commenced with a non-securities corporation which may be willing to make available to Blair & Co., Inc. $10,000,000 of additional capital. The

negotiations have progressed to the point where this corporation has been advised completely of Blair & Co.'s present problems and capital needs. However, it will probably be one or two months before any final decision is made. In response to my question, Mr. Vanderbilt indicated that this $10,000,000 would be obtained within the framework of existing Exchange rules. He also mentioned another possibility of additional capital from a financial institution but apparently no negotiations as such have been had.

As to a more immediate injection of new capital, Vanderbilt indicated that probably $1,500,000 additional could be raised from within the firm itself. He also said that consideration was being given to selling Capital Management which would probably realize from a $1,500,000 to $2,000,000. Additionally, about $1,500,000 has been recovered in the last few weeks by resolving open differences.

Moran then discussed a complaint made to the San Francisco office of the SEC by a man named Danford, a retired partner of Schwabacher & Co. According to Moran, Danford left with Blair & Co. $1,000,000 in securities for capital purposes; that such securities have since been liquidated, "wiping him out". It was Moran's understanding that Danford intended to sue Blair & Co. for the recovery of these securities. He suggested the possible adverse impact on firm capital. Moran also said that it was his understanding that several other people, similarly situated, intended to sue Blair & Co., Inc. Norman Segal responded to Moran as follows. Danfordwho is seventy years of age was a partner of Schwabacher & Co. and contributed a Secured Demand Note for $1,800,000 to Blair & Co., Inc. More than a month ago, Blair & Co., Inc. wrote to Danford giving him the opportunity to replace the collateral underlying the Secured Demand Note with cash in the face value of the note. Danford took no action. More recently he was called by the firm and told that collateral underlying the note would have to be sold and he was given the opportunity of specifying which of the securities should be liquidated. He indicated that he was going out of town and the firm should use its own discretion. Segal pointed out that Danford was not "wiped out" but in lieu of his securities he received a subordinated debenture paying 8% interest.

Segal also mentioned that Robert M. Bishop had spoken to Danford who was not really complaining and has not threatened to sue. Segal had no knowledge of other persons who might be suing Blair & Co., Inc. However, he did mention that some of the former partners of Schwabacher & Co. had brought suit against the Schwabacher people and that prehaps they might extend their actions to Blair & Co.

Daley is preparing a written program for the clean-up of the differences, fails and other problems arising from the conversion and I have asked that we be provided with a copy.

Moran, in general discussion, apparently traces the present Blair problems to the Schwabacher merger. Vanderbilt indicated that this was not so and that the current problems are traced directly to the conversion of the Midwest System.

At this point, Ramsey traced the history of the Schwabacher-Blair merger and made it quite clear that this was done with the blessing of the SEC and the Exchange. Initially, it was considered advisable to keep the Schwabacher & Blair operations seperate and again Ramsey indicated that this was done at the suggestion of the Exchange. In the course of the "broken" audit last year, the eastern offices which operated on Automatic Computer Service were in good shape as were the western offices that operated on the Midwest System. Discussion with Midwest people indicated that conversion of the eastern offices to Midwest could be accomplished without too much difficulty. He promised to send people to facilitate the conversion which was begun on November 17, 1969. Meanwhile, George Mapurgo had been engaged to watch the conversion for signs of trouble. He did so for eight weeks, at which time he expressed the opinion that conversion was resulting in abnormal problems.

Ramsey then asked Mapurgo to map out a program for clearing up the conversion problems. It was as a result of this that a special team of some seventeen men were brought in as were some fifty employees from the West Coast. It was estimated that it will probably take up to four months to resolve the various problems. Mapurgo has been engaged to stay on until this is accomplished. Ramsey said that based on the opinion of Mapurgo, the Midwest people and his own staff, he is convinced that the Blair operation is salvagable.

Moran mentioned the opinion of Stan Sporkin, that it might be advisable for Blair & Co., Inc. to liquidate at this time. Ramsey said that he will be the first to order liquidation when in his opinion it becomes necessary. He pointed out that if the SEC imposes restrictions that are to stringent the firm may not be able to survive. Moran, in turn, pointed out that in other cases of this kind (he mentioned McDonnell specifically) the giving of time to a firm to work out its difficulties is not the best course of action. He said that he is under extreme pressure from Washington and that it is entirely possible that the Washington staff may wish to speak directly with representatives of Blair & Co., Inc.

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Defendant's Exhibit W

Vanderbilt made the statement that the Midwest is completely at fault for the position in which Blair & Co., Inc. finds itself. Daley supported this position and initimated that suit might be brought for damages.

In closing, Ramsey mentioned that George Saks, the firm's Compliance Director has expressed the firm opinion that perhaps $10,000,000 in capital will be recovered in the not too distant future through the resolution of outstanding differences.

Moran closed the meeting by saying he expected the firm to keep him advised of all significant developments.

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DEFENDANT'S EXHIBIT X

LETTER RAMSEY TO DUFFY AND MORAN WITH COPIES TO BISHOP, DEIGNAN AND DALEY RE PROGRAM TO STRENGTHEN BLAIR, APRIL 21, 1970

BLAIR & CO. INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALD NEWYORK
Telephone
DI 4-4000

April 21, 1970

Mr. Kevin T. Duffy, Administrator
New York Regional Office
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10007

Mr. William D. Moran
Associate Regional Administrator
New York Regional Office
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10007

Re: Program to Strengthen Net Capital Position and Recordkeeping Procedures of Blair & Co., Inc.

Gentlemen:

This letter is submitted as a result of conferences by the staff of the New York Regional Office with representatives who appeared on behalf of Blair & Co., Inc. ("Blair"). On Monday, April 6, 1970, Mr. James Rush of Blair and Joseph C. Daley of Mudge Rose Guthrie & Alexander, our attorneys, conferred with you in connection with the submission of a Special Questionnaire relating to the capital position of Blair as at February 28, 1970. Again, on Thursday, April 9, 1970, Mr. Rush, Mr. Daley and Mr. George Morpurgo of Intelecom, Inc. conferred with your staff in connection with implementation of special supervisory controls over branches, projects and groups involved in operational work at Blair. On Wednesday, April 15, 1970, Mr. James B. Ramsey, Jr. and Mr. Oliver DeG. Vanderbilt of Blair, and Mr. Daley and Norman Segal, representing Mudge Rose Guthrie & Alexander, Counsel to Blair, appeared to discuss with you revisions, as a result of liquidation of secured demand note collateral, obtaining additional secured note, and selling a New York Stock Exchange membership, to the capital computation of Blair as of February 28, 1970 on a pro forma basis.

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Defendant's Exhibit X

The purpose of this letter is to advise you of the voluntary steps which Blair will take in order to strengthen its recordkeeping procedures and in order to obtain, if necessary, additional capital.

Beginning in the latter part of 1969, Blair, recognizing the existence of problems relating to recordkeeping within the firm, took the following steps:

1. Closed a total of nine branches.

2. Evaluated all account executives and reduced the number of account executives by approximately 55 (since January 1, 1970).

3. Blair decided to solicit no orders for any OTC stock on the buy side for $5.00 or under.

4. Contracted for office space in Lyndhurst, New Jersey, to house its operations department. The move to this location is scheduled to begin in June, 1970. A principal motivation for this move is to obtain higher quality personnel for the operations department.

5. Consolidated the San Francisco back office and the New York back-office on the Midwest System in new quarters, and went on the Sicom System.

6. Reduced substantially its promotional advertising program, effective January 1, 1970.

7. Reduced substantially its training program for new registered representatives.

8. Added several people to its compliance department.

9. Added a formal customer service department to supplement the work of the compliance department and to expedite the servicing of customer complaints.

10. Increased substantially the number of back-office employees and the amount of overtime work for such employees. Specifically, in the transfer department a new shift of employees was added from 7 P.M. to 3 A.M. Operations department overtime tripled subsequent to the consolidation of the back-offices and has continued at a very high rate.

11. Secured additional capital by obtaining approximately $3,400,000 in secured demand notes and issuing $250,000 of subordinated debentures. Issued subordinated notes aggregating over $1,100,000 to withdrawing stockholders in lieu of cash payments for their stock.

In our meeting on April 9, 1970 we furnished you with a copy of certain supervisory changes which have been made by Blair to strengthen its recordkeeping procedures. To incorporate those changes for you in this letter, we point out that Blair has initiated the following program:

A. GROUP I - BRANCH LIAISON GROUP

This group consists of 6 to 8 people of management status not directly involved with the back-office operation. This group is directly tied to the Compliance Department and operates under the following three restraints:

E 380
Defendant's Exhibit X

1. Its primary responsibility is to handle questions from the branches and to implement solution of the problems.

2. The members of this group do not contact the back-office during the working day prior to 3:00 each afternoon. After that time, they attempt to find answers to the branch office's inquiry themselves, with the overtime assistance of back-office clerks.

3. It is the responsibility of the people in Group I to find their own answers, rather than to require the back-office people to answer these questions for them.

B. GROUP II - PROJECT SUPERVISORS

This group, consisting of 4 to 6 people, has the responsibility of determining which remedial projects are needed, by whom they are to be performed, the writing of clerical procedures for the guidance of the clerks who participate in the project, and the actual supervision of these projects as they occur (normally over weekends). Midwest Stock Exchange Service Corporation Systems people and audit firm personnel constitute this group. Blair & Co., Inc. participates only to the extent of prevailing on clerks, on an extra-compensation basis, to perform these tasks after hours.

C. GROUP III - BACK-OFFICE COORDINATORS

This group, consisting of 6 to 8 people, is comprised of people with considerable back-office experience, and Midwest System experience. These people operate in a manner similar to the Midwest Exchange's Flying Squad, and are comprised of Messrs. Coelho and Morse, from Intelecom, together with any Midwest Flying Squad people who can be made available for this group. The Operations Manager and the Executive Cashier are active participants in this group, in addition to the Midwest and Intelecom staffs. The back-office is subdivided into areas with a member of this group responsible for the organization and personnel instruction of each area. The regular Blair supervisory personnel remains in close proximity to the operating members of this group, working in his area, so that (1) the Blair supervisor himself benefits from this training, and (2) the Blair supervisor is made aware of the operating procedures being established by the coordinator. It is through the efforts of the latter group that we hope to generate a smoother flow of work and reduce the instances of the creation of errors, which become tomorrow's problems.

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Defendant's Exhibit X

The rate of the creation of errors and problems has been reduced, the cycle has been broken and the projects designed to clean up old problems have overtaken the current problems.

As a result of our conferences during April 1970, Blair now proposes to take the following additional steps to attempt to solve record-keeping and capital problems:

1. A program will be started to close from four to six branch offices. These branches will be closed initially at the rate of one branch each month. However, the progress in the ability of the operations department to deliver out accounts from the branches to be closed will be the main factor governing the speed with which branches are closed. This factor is of critical importance to avoid imposing additional burdens on the operations department. After the first branch office is closed a report will be made of the effects upon operations.

2. Blair will hire no additional registered representatives other than hiring registered representatives to replace current representatives who leave the firm.

3. Blair will not enter into any new promotional advertising arrangements.

4. Competitive bidding on corporate and municipal obligations will be eliminated on all issues other than those where Blair has maintained a historical relationship with the issuer or syndicate.

5. Blair will further reduce its trading positions as quickly and as completely as possible except in the case of securities underwritten by Blair.

6. Blair will limit its daily trades so as not to exceed 1,500 per day. The firm is currently processing up to this number of trades without difficulty. Limitation of trades below this figure would not increase our ability to solve old problems. Such limitation would, however, destroy the firm's ability to operate on a break-even basis.

7. Blair will limit the number of new customer accounts which can be opened to a ratio related to production of the account executive on the accounts. Senior Account Executives will be permitted to open a maximum of three accounts per week; Account Executives with less

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Defendant's Exhibit X

production will be limited to opening two accounts per week; and Junior Account Executives will be allowed to open only one account per week. In no event will the entire amount of new accounts opened in any week by the present sales force exceed 350.

8. Blair will suspend the recruiting and training of new registered representatives trainees.

9. Blair will open no new margin accounts, except institutional-type accounts, and will try, where possible, to have current margin accounts changed to cash accounts.

10. Blair will make an effort to deliver out to customers all fully paid for securities held in relatively inactive accounts.

At our meeting on April 9 we furnished you copies of a letter from the Department of Member Firms of the New York Stock Exchange which imposes on Blair the restrictions that the firm should open no new branch offices, should not apply for licensing of any new registered representatives except where the firm had previously committed itself, and should not engage in promotional advertising.

In accordance with our discussions, Blair has taken the following additional steps to assure adequate reporting to the staff of the Securities and Exchange Commission and the New York Stock Exchange:

1. The firm has undertaken to provide oral reports as requested by the staff of the Securities and Exchange Commission or the New York Stock Exchange. The firm has also undertaken to provide written reports of adjustments to books and records every ten business days from the date of this letter until such time as the staff of the Securities and Exchange Commission and/or the New York Stock Exchange indicate that less frequent reports are satisfactory. The firm will supply trial balances to the staff of the Securities and Exchange Commission and the New York Stock Exchange when requested.

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Defendant's Exhibit X

2. In particular, the firm undertakes to provide bi-weekly reports with respect to its outstanding (i) fails to deliver, (ii) fails to receive, (iii) 1400 edits relating to control of cash and securities entries to computer records, and (iv) control of bank balances.

3. Mr. George Saks, Vice President and Director of Compliance of Blair, has arranged to supply periodic reports relating to customer complaints to demonstrate that such complaints are handled on a current basis.

Blair has already indicated to you that since April 1, 1970 it obtained additional secured demand note net capital in the amount of $2,000,000 and that it liquidated security positions supporting other secured demand notes in the amount of approximately $13,000,000. Blair has also advised you that it has had preliminary negotiations with outside sources with respect to obtaining additional capital amounting to approximately $1,500,000. In addition, Blair is attempting to raise additional capital in the amount of $1,500,000 from sources within the firm. Blair and its management have expressed a willingness to enter into preliminary negotiations, where possible, with other member firms with a view to obtaining a strengthened capital position. Any additional outside capital will, of course, be accepted only after full disclosure of the current financial condition of Blair to the persons requested to furnish such capital.

Blair and its management have authorized its attorneys and accountants to cooperate in every manner possible with the staff of the Securities and Exchange Commission and the New York Stock Exchange in obtaining information and documents as quickly as possible.

It is our hope that the steps described above indicate that Blair has made a substantial effort to bring its records into full compliance and to improve the capital position of the firm. It is Blair's intention to carry out the program described above.

Please call Mr. Daley if you have any questions with respect to the above statements.

Very truly yours,

BLAIR & CO., INC.

By _____
President

/ft

cc: Mr. Robert M. Bishop - New York Stock Exchange
Mr. John J. Deignan - New York Stock Exchange

Mr. Joseph C. Daley

E 384

DEFENDANT'S EXHIBIT Y

LETTER RAMSEY TO DUFFY AND MORAN, APRIL 22, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
Stock Exchange
Stock Exchange
Stock Exchange

Cable Address
OCBLAIR NEWYORK

Telephone
DI 4-4000

APR 23 1970

SECURITIES & EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE

RECEIVED
RECEPTION DESK

April 22, 1970

SEC. EXCH. COMM.
N. Y. REGIONAL OFFICE
RECEIVED

APR 23 1970

Duffy
Moran
Bandler

Mr. Kevin T. Duffy, Administrator
New York Regional Office
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10007

Mr. William D. Moran
Associate Regional Administrator
New York Regional Office
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10007

Re: Program to Strengthen Net Capital Position and Recordkeeping Procedures of Blair & Co., Inc.

Gentlemen:

This letter will supplement our letter to you dated April 21, 1970 in which we advised you that we were conducting preliminary negotiations with respect to obtaining additional capital for the firm from sources outside the firm amounting to approximately $1,500,000 and from sources within the firm of $1,500,000.

In addition to these efforts which we are making to obtain capital for immediate purposes, we have also submitted an initial proposal to a corporation engaged in rendering financial services for a loan to Blair. This proposal represents a beginning effort in negotiating with the proposed lender. Accordingly, the terms and conditions of the proposal may be altered significantly through negotiations. With this understanding, we can advise you, however, that we have proposed that the corporate lender make available to the firm senior capital in the amount of $10,000,000 cash

E 385
Defendant's Exhibit Y

or marketable securities having an aggregate value for capital purposes of $10,000,000 plus the "hair-cut" on the securities. In exchange our firm may grant the corporate lender options to purchase non-voting stock including approximately 45% of the common stock equity in the firm.

In accordance with our statements to you on Wednesday, April 15, 1970, our attorneys will keep you advised of the progress of our negotiations with this corporate lender. For reasons which we are sure you will understand, we urgently request that all details with respect to this financing be held in confidence.

Please call Mr. Joseph C. Daley of Mudge Rose Guthrie & Alexander if you have any questions.

Very truly yours,

BLAIR & CO., INC.

By _____
President

/ft
cc: Mr. Joseph C. Daley

E 386

DEFENDANT'S EXHIBIT Z

MEMO DEIGNAN RE MEETING WITH BLAIR, APRIL 28, 1970

M E M O R A N D U M

BLAIR & CO., INC.

April 28, 1970

Today at 10:30 a.m., Messrs. Vanderbilt, Ramsey and Morpurgo of Blair & Co., Inc. met with Messrs. Cunningham, Arning and Deignan of the Exchange. The purpose of the meeting was to discuss the Blair situation and the plans of the firm to improve it's position. The following is a summary of the points covered.

Morpurgo used several charts showing his projections of the firm's profit and loss for the next year. In summary, the firm will not reach a break even point until February 1971. At the present rate of loss, accumulated loss by that date will be in the neighborhood of $3,500,000. Currently the firm is experiencing a loss of about $800,000 per month. However, it is expected that there will be monthly improvements so that in about four months the loss will be cut to about $200,000 per month and will be reduced gradually thereafter. Some of the costs reduced involves the proposed move of the back office operations to New Jersey which is scheduled for the first week in June.

With respect to the effect of the surcharge, it is anticipated that this will improve the firm's income to the extent of about $200,000 per month. This is based on 1500 tickets per day with an average surcharge of $10 applying to about 1,000 tickets.

Currently, the firm has excess net capital of about $500,000 but based on present loss projections it appears that there will be a capital violation before the end of this month. However, Mr. Morpurgo said additional collateral underlying Secured Demand Notes has been liquidated releasing $600,000 and it is anticipated that $500,000 of capital will be released before the end of the month through resolution of differences.

The next point discussed had to do with steps contemplated by the firm to improve its capital on a long term basis. Mr. Vanderbilt indicated that he was making efforts to raise $1,500,000 through the pledging of some Systems Capital stock which he holds.

E 387

Defendant's Exhibit Z

Thus far no real progress has been made. Reference was also made to the possibility of a financial organization supplying $10,000,000 in exchange for a 20% interest in Blair & Co., Inc. Here too, no real progress appears to have been made. In response to a question put by Mr. Cunningham, the representatives of the firm had no knowledge of whether a tax refund could be retained as a result of the firm's losses in 1969. However, they indicated that this angle will be pursued promptly.

With respect to expense control the firm's representatives seem a bit vague but indicated that some tightening up was being effected each day. In this connection it was stated that the officers' salaries have already been cut on two occasions on a voluntary basis for the most part. Efforts are also being made to dispose of several branch offices. Ramsey stated he is scheduled to begin meeting with division heads at 4 p.m. today at which time he will stress the need for retrenchment.

Throughout the meeting and most forcefully at the end, Mr. Cunningham indicated that the firm should begin outlining steps to accomplish a balancing of its income and expense by the end of May 1970. He directed that such a program should be developed in one week at which time another meeting will be scheduled to discuss the feasibility of following these steps. He also emphasized the need for the firm meeting capital requirements at all times and working down to a 1500% ratio as soon as possible.

JJD

E 388

DEFENDANT'S EXHIBIT BB

MEMO BY SPIES, JUNE 17, 1969

MEMORANDUM

June 17, 1969

BLAIR & CO., INC.

At the executive staff meeting held on June 5, 1969, Mr. Lee Arning questioned the staff memorandum of April 16, 1969 concerning the possible violation of the Exchange's net capital requirements Rule 325 by Blair & Co., Inc. on May 31, 1968.

In view of the apparent misinterpretation of Rule 325.15(8) concerning the treatment of "dividend receivables" by both the corporation and the auditor, Mr. Arning felt the charge should not be brought to the Advisory Committee at this time.

Robert A. Spies

E 389

DEFENDANT'S EXHIBIT CC

MEMO BY DEIGNAN, JULY 9, 1969

MEMORANDUM

July 9, 1969

BLAIR & CO., INC.

Today in talking with Mr. James B. Ramsey, Jr. on another matter, I asked him if there had been any change in the plan to integrate each of the Blair-Schwabacher offices into the Midwest System one at a time. (We had heard that a wholesale conversion of all offices was to be done at the same time.) Mr. Ramsey assured me that there had been no change in the original plan and that each office would be integrated separately in a manner to insure no loss of control.

JJD

mvn

E 390

DEFENDANT'S EXHIBIT DD

MEMO BY DEIGNAN (1 PAGE), SEPTEMBER 4, 1969

M E M O R A N D U M

September 4, 1969

SCHWABACHER & CO. - DIVISION OF BLAIR & CO., INC.

At the present time Schwabacher Division is subject to the following restrictions:

1. 1700 trades per day
2. Promotion of advertising restricted
3. Firm trading limited
4. Operations personnel not to service accounts
5. Acceptance of orders under restricted conditions

On May 6, 1969, we modified the restriction on approval of new registered representatives to the extent that the total number of registered representatives would not exceed 188, the quota on March 1, 1968. This permitted the firm to engage a total of 9 additional registered representatives. The restriction on underwriting activities was rescinded completely. We rules that all other restrictions would remain in full force and effect until such time as we felt that the operations of the Schwabacher Division warranted further modification.

The last Operations Questionnaire submitted by the Schwabacher Division as of July 25, 1969, indicated continued improvement. For example, suspense account items reached a high of 86 with a ledger debit of $1,443,000, and long values of $1,720,000 have now been reduced to two items with long value of $1,335. Non-current dividend items number 305 with ledger debit of $336,163 and market value of shorts totaling $565,000. This compares with 8500 open items as of July 26, 1968, a high debit of $969,000 on August 30, 1968, and high short values of $1,867,000 on October 25, 1968. Stock Record differences are minimal, numbering only 14 with short values of $11,350 as of July 25, 1969.

It would appear from the foregoing that the operations problems of the Schwabacher Division have been substantially solved and there appears to be no reason why our restrictions should not be modified significantly or in some cases removed completely. However, we must also consider the operations status of Blair & Co., Inc. Relevant information is in a separate memorandum.

JJD

mvn

E 391

DEFENDANT'S EXHIBIT EE

MEMO BY DEIGNAN (2 PAGES), SEPTEMBER 4, 1969

MEMORANDUM

September 4, 1969

SCHWABACHER & CO.

As a result of its record-keeping problems, on February 27, 1968, we advised Schwabacher & Co. by letter that we would not approve any new registered representatives. In addition we restricted the firm from making any new commitments for underwritings or expansion of business.

As a result of a meeting on March 5, 1968, with Al Schwabacher and some of his associates, we modified our restriction on underwritings. We told Mr. Schwabacher that prudent judgment on a conservative basis should be used in this area. However, we advised him that no replacements of registered representatives would be permitted.

In a letter dated March 11, 1968, we advised Schwabacher & Co. that as a result of mutual agreement reached at the March 5, 1968, meeting the firm would limit its trades per day to approximately 1500-1700 until its records were in better order.

In a letter dated March 20, 1968, Al Schwabacher advised us of various steps taken to effect reductions in business volume. This included curtailment of advertising, release of approximately 9 registered representatives, reduction of over-the-counter trading and underwriting commitments. The letter also covered the various steps being taken to improve operations. Mr. Schwabacher requested that we approve 43 registered representative trainees when they completed their training.

In a letter dated March 28, 1968, we advised Mr. Schwabacher that we would not consent to any increase in registered representatives. We advised him that a special letter would be required in connection with any new capital contributions or renewals from outsiders.

In a letter dated June 13, 1968, the firm advised us of various steps taken to control business volume, including no commission credit on buy orders for listed securities selling at

less than $5 per share, no new accounts with initial trading resulting in commissions of less than $15, no new margin accounts with less than $5,000 equity, restraint on trading for partner or employee accounts, no recommendations on over-the-counter securities, and a further reduction in advertising budget.

JJD

mvn

E 93

DEFENDANT'S EXHIBIT FF

MEMO BY DEIGNAN, OCTOBER 23, 1969

BLAIR & CO., INC. - SCHWABACHER DIVISION

Problem

Schwabacher & Co. lost control of its records upon conversion to the Midwest Bookkeeping System and substantial security and money differences resulted.

Steps Taken by Exchange

In March, 1968, upon becoming aware of the problem, various restrictions were imposed, including a limitation on the number of trades per day, on new registered representatives, branch offices, and others designed to curtail the volume of the firm's business.

Subsequent Developments

On March 1, 1969, Schwabacher & Co. was taken over by Blair & Co., Inc. and has since then continued to operate as a Division of the latter firm. However, we continued the restrictions against the Schwabacher Division until September 8, 1969, when some modification was made having to do with an increase in registered representatives, an increase in the number of issues in which the firm could make markets, and a relaxation on advertising.

Capital Condition

As of September 26, 1969, the net capital of Blair & Co., Inc. stood at $5,858,568 against an aggregate indebtedness of $86,011,984 for a ratio of 1468%. The firm has had total losses of approximately $2,400,000 for the months of July and August, 1969.

Current Status

The operations of the Schwabacher Division as reflected in answers to Special Operations Questionnaires reflect no serious problems. Blair & Co., Inc. is currently undergoing audit and assuming the results are favorable, the probability is that we will eliminate the restrictions against the Schwabacher Division.

October 23, 1969

JJD

E 394

DEFENDANT'S EXHIBIT GG

MEMO BY DEIGNAN TO STOCK, DECEMBER 4, 1969

MEMORANDUM

December 4, 1969

To: Fred Stock, Jr.

Fred:

Here is the information you wanted on my firms for the meeting with the SEC people next week.

As of September 30, 1969, Abbott, Proctor & Paine had a capital ratio of 1912%. The current ratio as of December 2, 1969, is 1650%. However, the firm is continuing to liquidate proprietary positions and we can anticipate that the ratio will continue to decline.

Baerwald & DeDoer had a capital ratio of 1736% as of September 30, 1969. Our most recent figure since then is 1261% as of November 7, 1969.

As to firms on restriction we have:

1. Amott, Baker & Co., Inc. - remains on restriction because of the condition of its records.

2. Schwabacher Division of Blair & Co., Inc. - remains on restriction only pending receipt of Blair & Co. audited financial questionnaire due on November 15, 1969, but extended to December 8, 1969.

JJD

rvn

E 395

DEFENDANT'S EXHIBIT II

LETTER DALEY TO DEIGNAN ENCLOSING WITH SEC SHORT FORM REPORTING QUESTIONNAIRE AND CAPITAL COMPUTATION ATTACHED, APRIL 7, 1970

MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N. Y. 10005

212-422-0707

JOHN T. TRIMBLE
COUNSEL

1701 PENNSYLVANIA AVE., N. W.
WASHINGTON, D. C.
202-298-5270

12, RUE DE LA PAIX
PARIS 2e, FRANCE
742-03-69

CABLE ADDRESS
BALTUCHING-NEW YORK

TELEX-127669

April 7, 1970

BY HAND

Mr. John J. Deignan
Department of Member Firms
New York Stock Exchange
4 New York Plaza
New York, New York 10004

Dear Mr. Deignan:

In accordance with my telephone conversation today, I am enclosing a copy of the Short Form Reporting Questionnaire and supporting detail which were turned over to the New York Regional Office of the Securities and Exchange Commission on Monday, February 6th.

I am trying to get executed copies of the papers relating to the Foley Subordination Agreement. As soon as I do, I will be happy to transmit them to you.

Please call me if you have any questions.

Very truly yours,

Joseph C. Daley

Joseph C. Daley

JCD:amr
Enc.

SECURITIES AND EXCHANGE COMMISSION
SHORT FORM ACCOUNTING QUESTIONNAIRE

FIRM: BLAIR & CO., INC.

	Items Fail to Deliver (Debits)		Outstanding 30 Days or Longer		Outstanding 120 Days or Longer	
	No. of Items	Dollar amount	No. of Items	Dollar amount	No. of Items	Dollar amount
United Securities (000)	11	[illegible]	4[illegible]	[illegible]	[illegible]	134,000
All other (000)	3[illegible]	[illegible]	1013	[illegible]	1[illegible]	142,000
TOTALS (000)	4[illegible]	[illegible]	2[illegible]	[illegible]	254	526,000

	Items Fail to Receive (Credits)		Outstanding 30 Days or Longer		Outstanding 120 Days or Longer	
	No. of Items	Dollar amount	No. of Items	Dollar amount	No. of Items	Dollar amount
United Securities (000)	[illegible]	[illegible]	[illegible]	3,001,000	[illegible]	
All other (000)	2[illegible]	[illegible]	0[illegible]	6,938,000	14	41,000
TOTALS (000)	3[illegible]	20,709,000	1452	9,939,000	14	41,000

	No. of Items	Ledger Debit & Credit	Market Value (Long & Short	
(1) A. Differences & Suspense Accounts	250	-0-	1,034,348	856,712
B. Stock Record Difference				

E 396 Defendants Exhibit II

(2) Are books and records being posted on a current basis - If no - give details as to those books not current and the period of time of their delinquency. YES

A. Last date of posting to stock record. LAST Friday in Month

(4) Date of last box count and number of differences found both as to amount and item (and whether long or short) 9/26/69-Blair & Co.,Inc. 6/23/69-Schwabacher-Division of Blair& Co.,Inc.

(5) Incidents arising any customer is owed securities for a period of 30 days or over, (If yes specify in each instance why delivery has not been made). 20 days 9,758

*(6) Last Net Capital Computation: 2/28/70
Date

			Non-Exempt	Exempt
Aggregate Indebtedness $	113,884,330	Market Value of Proprietary Security Positions:	Long $ 1,020,712.93	1,021,032.20
			Short 1,042,202.99	1,042,614.31
Net Capital	$ 2,877,945	Equity Capital: $	(2,312,274)	
Ratio	/	Subordinated Capital: $	2,400,343	
Deficit	$ (4,933,374)			

Does Firm comply with SEC/Exchange (Note) requirements? **

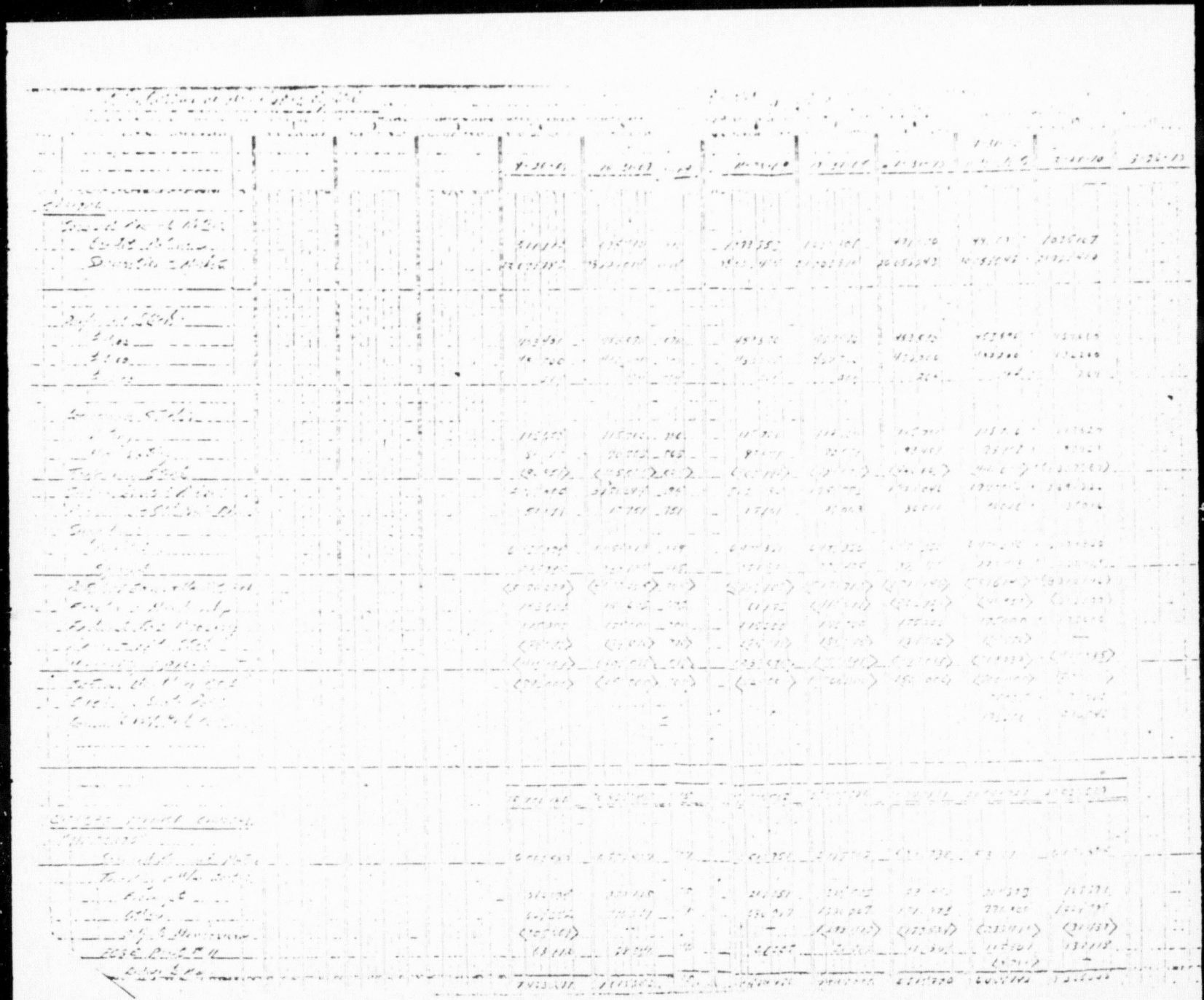
If not, were there security transactions on this date?

*From the figures indicated above, it appears that the firm is not meeting the requirements of Rule 15c3 in that aggregate indebtedness is in excess of 2000 times net capital.

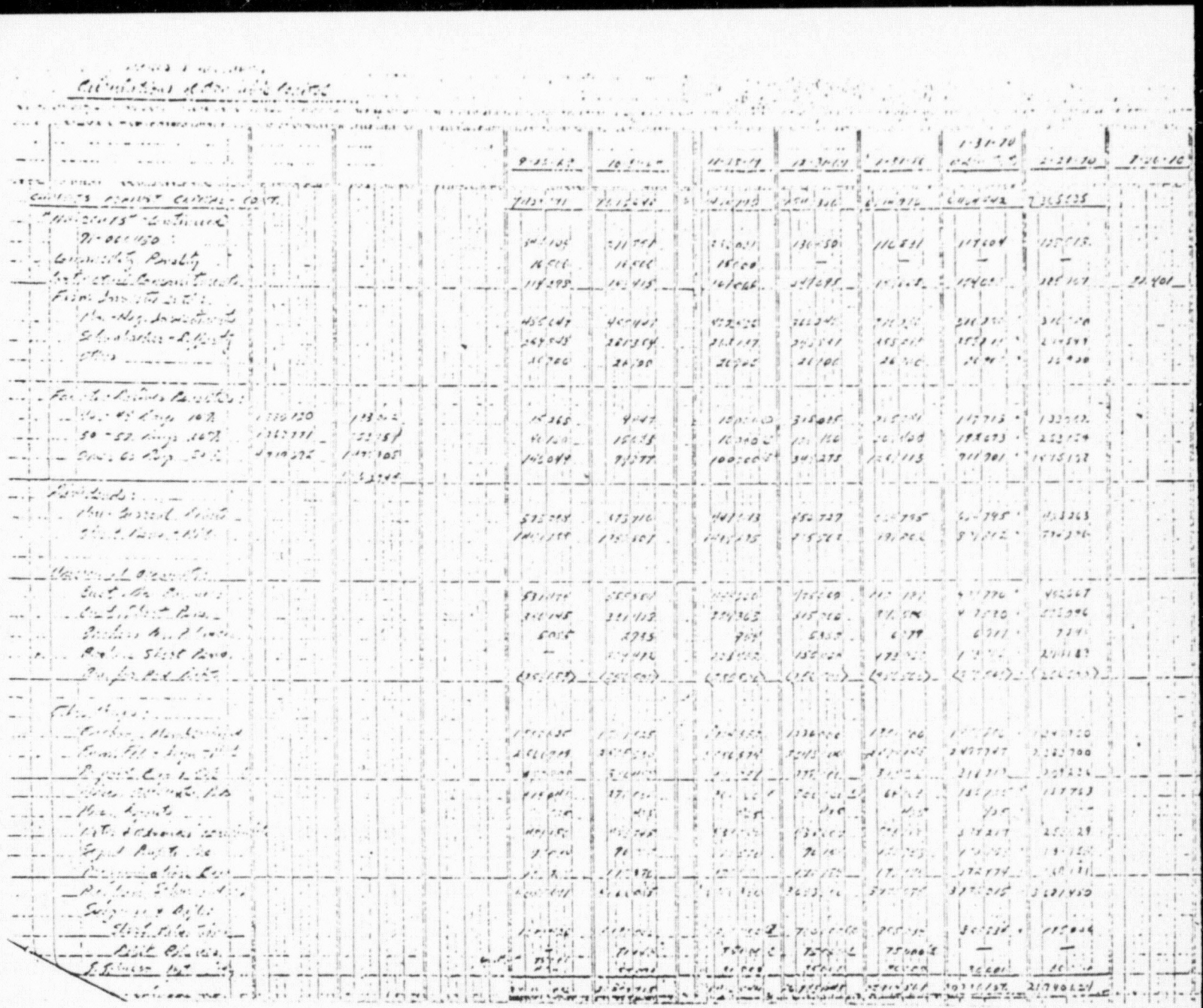
(7) Is firm presently in litigation or arbitration with respect to any matter arising out of transactions involving delivery of securities or funds, discrepancies in accounts or any similar matter? NO If so, enclose details, including name(s) of customer(s) bringing action, name and location of court, docket number, etc.

** INCLUDE DETAILED COPY OF LAST NET CAPITAL COMPUTATION

E 397
Defendant's Exhibit II



E 398 Defendant's Exhibit II



E 399 Defendant's Exhibit II

E 400 Defendant's Exhibit II

E 401

Defendant's Exhibit II

RECEIVED
1970
J.C.J. D.
MEMBER FIRMS

E 402

DEFENDANT'S EXHIBIT JJ

MEMO BY DEIGNAN, APRIL 9, 1970

M E M O R A N D U M

April 9, 1970

BLAIR & CO., INC.

This afternoon at my request, James Rush of Blair & Co., Inc. furnished the following information with respect to the firm's capital position.

The capital deficiency as of February 28, 1970 was approximately $4,600,000. This week collateral underlying Secured Demand Notes of "insiders" were sold for total proceeds of $11,317,000. Figuring that 26% of this amount is released for capital purposes, this liquidation makes available the capital to the extent of $2,942,000. Orders to sell an additional $2,000,000 worth of collateral have been entered but not executed at the time of my conversation with Rush. Additionally, the firm has sold one of its Exchange "seats" for $280,000.

Current capital position is as follows:

Aggregate Indebtedness	$103,404,388.00
Net Capital	6,317,601.00
Required	5,170,219.00
Excess	1,147,382.00
Ratio	1630% 1519

The foregoing computation includes the Foley loan of $2,000,000 capital value, a capital released by the liquidation referred to previously and the $280,000 realized from the sale of the seat.

JJD

E 403

DEFENDANT'S EXHIBIT KK

MEMO BY DEIGNAN, APRIL 14, 1970

M E M O R A N D U M

April 14, 1970

BLAIR & CO., INC. - STATUS REPORT

As of February 28, 1970, Blair & Co. had a capital deficiency of $4,600,000. based on computations made by the firm. This information was brought to our attention on April 6, 1970. We did have some earlier information which indicated a lower deficiency of about $3,000,000. based upon which we informed the firm that if it did not cure this deficiency by Friday, April 3, we would expect liquidation of collateral underlying Secured Demand Notes of members and allied members of the firm. This liquidation actually commenced on Tuesday, April 7, and by April 9, $2,942,000 of additional capital had been released. On the following day, April 10, an additional $500,000 was released by further liquidation.

In addition to the liquidations referred to above, the firm negotiated a loan from John P. Foley, Jr. in the amount of $2,000,000. capital value. The documentation is now under study by Exchange counsel and indications are that with minor changes, this documentation will be satisfactory to us.

The firm also sold one of its Exchange memberships on April 9, 1970 for $280,000.

The net effect of the foregoing capital raising activities - including the Foley loan - results in an indicated adjusted capital position as follows:

Aggregate Indebtedness	$103,404,388.00
Net Capital	6,817,601.00
Required	5,170,219.00
Excess	1,647,382.00
Ratio	1519%

The firm is in the process of computing its capital position as of March 31, 1970 and it is anticipated that these figures will be available to us in the near future.

JJD

E 404

DEFENDANT'S EXHIBIT MM

MEMO BY DEIGNAN, APRIL 21, 1970

M E M O R A N D U M

April 21, 1970

BLAIR & CO., INC.

This morning Joe Kaspareck related the following information on the capital position of Blair & Co. Inc. by telephone to Fred Stock in Washington.

Aggregate Indebtedness	$113,109,000
Net Capital	6,477,000
Ratio	1738%
Requirement	5,655,000
Excess	822,000

The foregoing information is as of March 31, 1970 adjusted to include capital improvement in the form of the Foley Secured Demand Note for $2,000,000, liquidation of the Secured Demand Note collateral releasing $2,942,420 and the reduction in Aggregate Indebtedness by reason of the liquidation of Secured Demand Notes all of which occurred in April.

John J. Deignan

E 405

DEFENDANT'S EXHIBIT PP

MEMO BY DEIGNAN, APRIL 27, 1970

M E M O R A N D U M

April 27, 1970

BLAIR & CO., INC.

This morning I received a telephone call from Mr. Charles Hartman of the SEC staff in Washington who inquired about our latest information concerning the Blair & Co., Inc. situation. I provided Mr. Hartman with the information appearing on our Capital Flash Report as of April 23, 1970. I explained to him that the capital figures shown as of March 26, 1970 have been adjusted to reflect certain events in April including the sale of an Exchange membership, acquisition of the Foley loan and liquidation of collateral underlying Secured Demand Notes.

I also advised Mr. Hartman of the charges made against capital and reflected in the firm's Special Operations Questionnaire as of March 26, 1970.

Mr. Hartman asked me of the firm's intentions with respect to the raising of additional capital and the steps it proposes to take to lower its costs. I referred Hartman to the letter of April 21, 1970 addressed by Blair & Co., Inc. to the New York office of the SEC in which these two steps were covered. Mr. Hartman said he had only had an opportunity to glance at this letter and I thereupon filled him in briefly on its substance.

Mr. Hartman asked me to keep him advised of any significant future developments.

JJD

cc: Fred J. Stock

E 406

DEFENDANT'S EXHIBIT XX

MEMO STOCK TO BISHOP, ARNING AND CUNNINGHAM, JUNE 15, 1970

BLAIR & CO. INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALD NEW YORK

Telephone
DI 4-4000

April 21, 1970

Mr. Kevin T. Duffy, Administrator
New York Regional Office
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10007

Mr. William D. Moran
Associate Regional Administrator
New York Regional Office
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10007

Re: Program to Strengthen Net Capital Position and Recordkeeping Procedures of Blair & Co., Inc.

Gentlemen:

This letter is submitted as a result of conferences by the staff of the New York Regional Office with representatives who appeared on behalf of Blair & Co., Inc. ("Blair"). On Monday, April 6, 1970, Mr. James Rush of Blair and Joseph C. Daley of Mudge Rose Guthrie & Alexander, our attorneys, conferred with you in connection with the submission of a Special Questionnaire relating to the capital position of Blair as at February 28, 1970. Again, on Thursday, April 9, 1970, Mr. Rush, Mr. Daley and Mr. George Morpurgo of Intelecom, Inc. conferred with your staff in connection with implementation of special supervisory controls over branches, projects and groups involved in operational work at Blair. On Wednesday, April 15, 1970, Mr. James B. Ramsey, Jr. and Mr. Oliver DeG. Vanderbilt of Blair, and Mr. Daley and Norman Segal, representing Mudge Rose Guthrie & Alexander, Counsel to Blair, appeared to discuss with you revisions, as a result of liquidation of secured demand note collateral, obtaining additional secured note, and selling a New York Stock Exchange membership, to the capital computation of Blair as of February 28, 1970 on a pro forma basis.

E 407

Defendant's Exhibit XX

The purpose of this letter is to advise you of the voluntary steps which Blair will take in order to strengthen its recordkeeping procedures and in order to obtain, if necessary, additional capital.

Beginning in the latter part of 1969, Blair, recognizing the existence of problems relating to recordkeeping within the firm, took the following steps:

1. Closed a total of nine branches.

2. Evaluated all account executives and reduced the number of account executives by approximately 55 (since January 1, 1970).

3. Blair decided to solicit no orders for any OTC stock on the buy side for $5.00 or under.

4. Contracted for office space in Lyndhurst, New Jersey, to house its operations department. The move to this location is scheduled to begin in June, 1970. A principal motivation for this move is to obtain higher quality personnel for the operations department.

5. Consolidated the San Francisco back office and the New York back-office on the Midwest System in new quarters, and went on the Sicom System.

6. Reduced substantially its promotional advertising program, effective January 1, 1970.

7. Reduced substantially its training program for new registered representatives.

8. Added several people to its compliance department.

9. Added a formal customer service department to supplement the work of the compliance department and to expedite the servicing of customer complaints.

10. Increased substantially the number of back-office employees and the amount of overtime work for such employees. Specifically, in the transfer department a new shift of employees was added from 7 P.M. to 3 A.M. Operations department overtime tripled subsequent to the consolidation of the back-offices and has continued at a very high rate.

11. Secured additional capital by obtaining approximately $3,400,000 in secured demand notes and issuing $250,000 of subordinated debentures. Issued subordinated notes aggregating over $1,100,000 to withdrawing stockholders in lieu of cash payments for their stock.

In our meeting on April 9, 1970 we furnished you with a copy of certain supervisory changes which have been made by Blair to strengthen its recordkeeping procedures. To incorporate those changes for you in this letter, we point out that Blair has initiated the following program:

A. GROUP I - BRANCH LIAISON GROUP

This group consists of 6 to 8 people of management status not directly involved with the back-office operation. This group is directed by the Compliance Department and operates under the following three restraints:

E 408

Defendant's Exhibit XX

1. Its primary responsibility is to handle questions from the branches and to implement solution of the problems.

2. The members of this group do not contact the back-office during the working day prior to 3:00 each afternoon. After that time, they attempt to find answers to the branch office's inquiry themselves, with the overtime assistance of back-office clerks.

3. It is the responsibility of the people in Group I to find their own answers, rather than to require the back-office people to answer these questions for them.

B. GROUP II - PROJECT SUPERVISORS

This group, consisting of 4 to 6 people, has the responsibility of determining which remedial projects are needed, by whom they are to be performed, the writing of clerical procedures for the guidance of the clerks who participate in the project, and the actual supervision of these projects as they occur (normally over weekends). Midwest Stock Exchange Service Corporation Systems people and audit firm personnel constitute this group. Blair & Co., Inc. participates only to the extent of prevailing on clerks, on an extra-compensation basis, to perform these tasks after hours.

C. GROUP III - BACK-OFFICE COORDINATORS

This group, consisting of 6 to 8 people, is comprised of people with considerable back-office experience, and Midwest System experience. These people operate in a manner similar to the Midwest Exchange's Flying Squad, and are comprised of Messrs. Coelho and Morse, from Intelecom, together with any Midwest Flying Squad people who can be made available for this group. The Operations Manager and the Executive Cashier are active participants in this group, in addition to the Midwest and Intelecom staffs. The back-office is subdivided into areas with a member of this group responsible for the organization and personnel instruction of each area. The regular Blair supervisory personnel remains in close proximity to the operating members of this group, working in his area, so that (1) the Blair supervisor himself benefits from this training, and (2) the Blair supervisor is made aware of the operating procedures being established by the coordinator. It is through the efforts of the latter group that we hope to generate a smoother flow of work and reduce the instances of the creation of errors, which become tomorrow's problems.

E 409
Defendant's Exhibit XX

The rate of the creation of errors and problems has been reduced, the cycle has been broken and the projects designed to clean up old problems have overtaken the current problems.

As a result of our conferences during April 1970, Blair now proposes to take the following additional steps to attempt to solve record-keeping and capital problems:

1. A program will be started to close from four to six branch offices. These branches will be closed initially at the rate of one branch each month. However, the progress in the ability of the operations department to deliver out accounts from the branches to be closed will be the main factor governing the speed with which branches are closed. This factor is of critical importance to avoid imposing additional burdens on the operations department. After the first branch office is closed a report will be made of the effects upon operations.

2. Blair will hire no additional registered representatives other than hiring registered representatives to replace current representatives who leave the firm.

3. Blair will not enter into any new promotional advertising arrangements.

4. Competitive bidding on corporate and municipal obligations will be eliminated on all issues other than those where Blair has maintained a historical relationship with the issuer or syndicate.

5. Blair will further reduce its trading positions as quickly and as completely as possible except in the case of securities underwritten by Blair.

6. Blair will limit its daily trades so as not to exceed 1,500 per day. The firm is currently processing up to this number of trades without difficulty. Limitation of trades below this figure would not increase our ability to solve old problems. Such limitation would, however, destroy the firm's ability to operate on a break-even basis.

7. Blair will limit the number of new customer accounts which can be opened to a ratio related to production of the account executive on the accounts. Senior Account Executives will be permitted to open a maximum of three accounts per week; Account Executives with less

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Defendant's Exhibit XX

production will be limited to opening two accounts per week; and Junior Account Executives will be allowed to open only one account per week. In no event will the entire amount of new accounts opened in any week by the present sales force exceed 350.

8. Blair will suspend the recruiting and training of new registered representatives trainees.

9. Blair will open no new margin accounts, except institutional-type accounts, and will try, where possible, to have current margin accounts changed to cash accounts.

10. Blair will make an effort to deliver out to customers all fully paid for securities held in relatively inactive accounts.

At our meeting on April 9 we furnished you copies of a letter from the Department of Member Firms of the New York Stock Exchange which imposes on Blair the restrictions that the firm should open no new branch offices, should not apply for licensing of any new registered representatives except where the firm had previously committed itself, and should not engage in promotional advertising.

In accordance with our discussions, Blair has taken the following additional steps to assure adequate reporting to the staff of the Securities and Exchange Commission and the New York Stock Exchange:

1. The firm has undertaken to provide oral reports as requested by the staff of the Securities and Exchange Commission or the New York Stock Exchange. The firm has also undertaken to provide written reports of adjustments to books and records every ten business days from the date of this letter until such time as the staff of the Securities and Exchange Commission and/or the New York Stock Exchange indicate that less frequent reports are satisfactory. The firm will supply trial balances to the staff of the Securities and Exchange Commission and the New York Stock Exchange when requested.

E 411

Defendant's Exhibit XX

2. In particular, the firm undertakes to provide bi-weekly reports with respect to its outstanding (i) fails to deliver, (ii) fails to receive, (iii) 1400 edits relating to control of cash and securities entries to computer records, and (iv) control of bank balances.

3. Mr. George Saks, Vice President and Director of Compliance of Blair, has arranged to supply periodic reports relating to customer complaints to demonstrate that such complaints are handled on a current basis.

Blair has already indicated to you that since April 1, 1970 it obtained additional secured demand note net capital in the amount of $2,000,000 and that it liquidated security positions supporting other secured demand notes in the amount of approximately $13,000,000. Blair has also advised you that it has had preliminary negotiations with outside sources with respect to obtaining additional capital amounting to approximately $1,500,000. In addition, Blair is attempting to raise additional capital in the amount of $1,500,000 from sources within the firm. Blair and its management have expressed a willingness to enter into preliminary negotiations, where possible, with other member firms with a view to obtaining a strengthened capital position. Any additional outside capital will, of course, be accepted only after full disclosure of the current financial condition of Blair to the persons requested to furnish such capital.

Blair and its management have authorized its attorneys and accountants to cooperate in every manner possible with the staff of the Securities and Exchange Commission and the New York Stock Exchange in obtaining information and documents as quickly as possible.

It is our hope that the steps described above indicate that Blair has made a substantial effort to bring its records into full compliance and to improve the capital position of the firm. It is Blair's intention to carry out the program described above.

Please call Mr. Daley if you have any questions with respect to the above statements.

Very truly yours,

BLAIR & CO., INC.

By _____
President

/ft

cc: Mr. Robert M. Bishop - New York Stock Exchange
Mr. John J. Deignan - New York Stock Exchange

Mr. Joseph C. Daley

E 412

DEFENDANT'S EXHIBIT YY

MEMO STOCK TO BISHOP, ARNING AND CUNNINGHAM, JUNE 22, 1970

NEW YORK STOCK EXCHANGE

MEMORANDUM June 22, 1970

TO: Robert H. Bishop, Lee D. Arning and R. John Cunningham

FROM: Fred J. Stock, Jr.

SUBJECT: SEC CONVERSATIONS ON BLAIR & CO.

During the week ended June 19, 1970, I had daily conversations with the Washington Office of the SEC, advising them of the current status of this firm. Most of these conversations were with Mr. Sporkin and he was advised exactly where the negotiations for the sale of offices stood each day. In addition, I had a conversation early in the week with Mr. Moran and later in the week with Mr. Duffy of the New York Regional Office, advising them what the current status of this firm was. Most of these conversations were at the initiative of the Exchange or were brought up by the Exchange after a discussion of some other situation with the SEC staff.

Fred J. Stock, Jr.

cc: John J. Dalgnan
William E. Fryer

E 413

DEFENDANT'S EXHIBIT GGG

CHART SHOWING COMPUTATION OF "ORIGINAL CAPITAL", UNDATED

Subordinated capital at February 28, 1970		$25,848,842.74
Capital and Surplus (as adjusted):		
Capital and Surplus Account at September 26, 1969 (audited)	464,762	
less: operating losses to December 31, 1969 (estimated)	(1,500,000)	#9,000,000
plus: recoveries of charged-off securities position (estimated)	Ramsey 500,000	(missing securities 2,929,000
plus: value of investment in Blair Advisory Co. (estimated)	500,000	
Capital and Surplus Account at December 31, 1969 (as agreed)		-0-
less: operating losses to February 28, 1970 (estimated)		(2,000,000)
		23,848,842.74
less: Ireland February subordination (to be withdrawn shortly)		(2,104,920.25)
		21,743,922.49
"Original Capital" (rounded off as agreed)		$21,750,000.00

9,000,000 1969
5-6M ~~4,000,000~~ 1970
Liquidated
insiders
no guarantee
as to how long
& change to stay
Continue to operate

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DEFENDANT'S EXHIBIT JJJ

MEMO BY SEC, APRIL 10, 1970

MEMORANDUM OF OFFICE CONFERENCE

April 10, 1970

Subject: Blair & Company, Inc.
(Blair - Schwabacher)

Present: For the Commission:

William D. Moran - Associate Regional Administrator
Joseph Barton - Chief, Branch of Broker-Dealer Inspection
Dennis J. Block - Chief, Branch #4
Stephen D. Oestreich - Attorney
Fred Rosenberg - Investigator

James Rush - Blair & Co., head of Blair's back office
Joseph C. Daley, Esq. - Mudge, Rose, Guthrie & Alexander
Robert Falk, Esq. - Marshall Bratter, Greene, Allison & Tucker
George E. Morpurgo - vice-president of Intelecom Inc.

This conference was convened on April 9, 1970 at the request of Mr. Moran to determine what progress had been made by Blair & Co. in their efforts to cure their net capital and other difficulties.

Mr. Rush distributed to those present a proforma capital computation as of February 26, 1970 containing subsequent additions to the earlier computations distributed at our meeting of April 3, 1970. 1/ Mr. Daley noted the addition of a 2 million dollar secured demand note to Blair's capital position. He added that Blair & Co. had sold one of their three seats on the New York Stock Exchange for an additional $275,000 which is added to capital.

1/ Copy attached.

E 415

Defendant's Exhibit JJJ

Mr. Daley noted that the 2 million dollars of secured demand notes were in the process of liquidation, which seemed to increase capital by $520,000 because of the elimination of the 25 per cent "haircut."

Mr. Rush explained that the deduction from capital of $321,453 was an adjustment of the price of the Blair stock sold to Schwabacher under the merger agreement of the two companies. The original price set for the Blair stock during their merger plan was $19.00 per share. After the books were closed the price was reduced to $13.25 per share. Daley noted that the second deduction of $294,000 was an obligation assumed by Blair & Co. of Schwabacher's liability to pay their retired partners.

Mr. Daley noted that according to the figures presented Blair & Co. had $1,147,382 in excess of the net capital requirement.

Mr. Rush stated that the February 28, 1970 figure of approximately $1.5 million which represents the failure to deliver securities penalty should be reduced by about $500,000. Mr. Rush continued noting that Blair & Co. lost money in the month of March but he felt the pluses outweighed the minuses.

Mr. Morpurgo at this time filled us in on his background. He was formerly with the Midwest Stock Exchange which he left in July, 1969. He noted his experience in setting up the "Midwest System" of keeping books and records. He told us that as of February, 1970 he has been working full time in trying to cure the difficulties in the "system's" implementation at Blair & Co.

Mr. Morpurgo said that he felt that the "Midwest System" overstated a company's "fail" position because a "fail" is always entered and remains a fail until it is taken out by an input into the system. A mistake in the input will leave the fails to deliver recorded. Mr. Barton asked Mr. Morpurgo if the same would not be true on the fails to receive so both accounts would be overstated. Mr. Morpurgo reiterated his position and felt the fail penalty of 1.8 million is overstated by 1 million and thus decreases the capital position by 1 million. Morpurgo stated that seventeen full

time employees are presently working around the clock correcting the fail situation, and other items.

Mr. Daley stated that the New York Stock Exchange has placed several restrictions on Blair & Co. business. Because of their bookkeeping difficulties pursuant to these restrictions, Blair & Co. cannot:

1. do any "lead" advertising to attract new customers;
2. open any new branches; and
3. hire any new salesmen.

A further restriction was placed on Blair & Co. as long as their capital position was out of ratio and that restriction was that no new accounts may be opened.

Mr. Moran asked how long the back office problem would exist. Mr. Daley said that a continued improvement would be shown every week but the problem would not be finally resolved for at least nine months. Mr. Morpurgo added that in the last 5-6 weeks current business has been going through at a much faster rate.

Mr. Rush stated that Blair has recently sold 8 offices and now has 33 offices. He said that Blair writes about 1500 tickets a day which is down from an approximate 5000 tickets written by Blair & Schwabacher. Mr. Moran suggested that a possible reduction to 1000 a day would cure some of Blair's problems. Mr. Daley replied: "We would have to talk about that."

Mr. Morpurgo said that the problem was not the "Midwest System" or the volume of work done by Blair & Co. He felt the problems stemmed from the period right after the merger of Blair & Co. and Schwabacher. During that period there were two clearing numbers with all orders reading Blair & Co. The merger brought people together who had never worked together and this, he said caused the problem. Mr. Morpurgo continued stating that it was during the 30 days after consolidation when the backlog arose. He noted that $85,000 per month has recently been added to Blair's budget specifically to alleviate these problems.

Mr. Daley informed us that the $1,147,382 figure representing the excess over the capital requirement included $520,000 secured demand notes which had not been sold but orders were in to sell them

except for $45,000 which would take a couple of days.

Mr. Rush said that we would have the March 31, 1970 figures in two weeks from the date of this meeting.

Mr. Moran asked what Blair & Co. planned to do if they should show capital deficiency in the March figures. Mr. Daley said that Blair still had 15% of their secured demand notes, which totaled $400,000 left. He added that they are still making efforts to raise new capital through subordinated loans.

Mr. Morpurgo then stated that Blair & Co.'s customers' complaints were reduced by half in the last 30 days. Mr. Moran interjected stating that the New York Regional Office has received 32 complaints from Blair customers in this time period. The majority of these complaints dealt with a failure to deliver funds and securities. These figures showed a rise in the number of complaints since the last period. Mr. Daley said that he will supply this office with reports on complaints received by Blair & Co. Mr. Moran stated the New York Regional Office will allow Blair & Co. to see customer complaints received in the office.

Summary

Taking the best of all worlds mainly assuming that fails to deliver and fails to receive, etc. do not knock the whole thing out of a cocked hat, the capital situation appeared to exceed the minimum requirements by 1 million. It was noted that this could be incorrect because of the "fail" problem. The three restrictions placed by the New York Stock Exchange because of bookkeeping problems were reiterated. They are that Blair could not open any new offices, advertise for new customers, or have any new salesmen. The fourth restriction, prohibition of new accounts, is tied to the capital problem, and as long as Blair is in ratio it would not be enforced. Mr. Daley said that he would inform this office of any additional voluntary restrictions, based upon their own internal experiences.

Mr. Barton concluded the conference with the observation that there is no control over subsidiary ledgers which control capital. He suggested a control ledger which could supply central figures. If differences arose in the control account it would be charged to capital.

E 418

DEFENDANT'S EXHIBIT KKK

MEMO BY SEC, APRIL 15, 1970

MEMORANDUM OF OFFICE CONFERENCE

April 15, 1970

Subject: Blair & Company, Inc.
(Blair - Schwabacher)

Present: For the Commission:

William D. Moran - Associate Regional Administrator
Joseph O. Barton - Chief, Branch of Broker-Dealer Inspection
Dennis J. Block - Chief, Branch #4
Stephen D. Oestreich - Attorney
Stanley Sporkin - Associate Director of the Division of Trading and Markets
Maurey Simkin - Attorney, Division of Trading and Markets

For Blair & Co.:

Joseph C. Daley - Mudge, Rose, Guthrie & Alexander

This conference was convened on April 13, 1970 at the request of Mr. Moran to determine what progress has been made by Blair & Co. in their efforts to cure their net capital and operational difficulties.

Mr. Daley informed the staff of certain internal restrictions voluntarily imposed by Blair & Co. on itself. In the trading of stocks in the over-the-counter market, Blair will not sell stock for their customers under $10 a share unless they are in position, or it is 500 or more shares and the trade is approved by an office manager or the purchase was made through Blair & Co. for a price in excess of $10 a share. There will be no purchases of stock selling under $5.00 per share and purchases of stocks between $5 - $10 only in round lots. Mr. Daley said he would supply the office with a complete list of the self-imposed restrictions on over-the-counter transactions.

Mr. Daley said that Blair & Co. was planning to close six branch offices at the rate of one a month. This, he continued, should improve both operational and net capital problems.

The following restrictions are being taken under consideration by Blair & Co.:

(1) The Pittsburg and one west coast branch office leases are up, and therefore will be closed;

(2) Blair will stop competing on municipal comaitments, except where a historical situation in municipals exists;

(3) Blair will eliminate and reduce as low as possible their positions (as market makers) in all securities except where Blair acted as underwriter; and

(4) No new hiring or training of registered representatives.

Mr. Daley said that Blair & Co.was willing to limit their number of tickets to 2,500 per day. Mr. Moran reminded Mr. Daley of Mr. Rush's statement at our last conference where he stated that Blair & Co. was presently writing only 1,500 tickets per day. Mr. Daley also said that Blair was willing to limit the opening of new accounts to one or two a week per customers man. Blair currently has about 460 customers men. Blair has been under New York Stock Exchange restriction which prohibited Blair from opening any new accounts. Daley stated that itb Blair's contention that this restriction is no longer in effect since Blair takes the position that they are in capital compliance. The New York Stock Exchange restriction on new accounts was only to be enforced as long as Blair was out of capital compliance with Rule 325 of the New York Stock Exchange. Mr. Barton does not agree that Blair & Co. could accurately determine if they are in capital compliance because of the lack of control accounts over the subsidiary ledgers. He stressed the importance of the control ledger for keeping abreast of the capital situation of the firm.

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Defendant's Exhibit KKK

Daley stated that the 460 salesmen currently employed by Blair represent a 25% reduction in sales personnel since November, 1969. Blair is anxious to reduce the number of marginal producers and would like to keep and hire good producers for the firm. Blair has had to keep certain marginal producers in some of the suburban branches because of the office overhead, but in New York City this is not the case. In the branches they are closing, the number of salesmen let go and shifted is always taken into consideration whether or not to close the branch.

Mr. Moran asked Mr. Daley if the prohibition of new accounts would help the back office situation. Daley replied that a prohibition against the opening of new accounts would kill Blair & Co. since the big producing registered representatives would leave if they could not open new accounts. Daley felt the answer was to let go more marginal representatives, and thus allow the big producers to open more accounts. Daley believes that there will be a cushion on capital of between $500,000 and $1.1 million even with the expected loss for operations in March 1970. The two situations confronting Blair & Co. is whether they can clean up their past difficulties and whether they can absorb the anticipated losses, if the "bear" market does not reverse itself.

Mr. Sporkin told Mr. Daley that Blair & Co. should decide within a week to 10 days, if they can make it or not. If they decide to make a go of it, they must come up with a concrete plan on how to clear up operational difficulties. Mr. Moran wants assurances that Blair has enough money to make sure that the public does not get hurt. Mr. Sporkin stated that Blair's management is opening itself to a fraud action if it does not fully disclose their operational difficulties to the new investors in the firm and Blair & Co. does not survive this crisis.

Mr. Sporkin suggested to Mr. Daley that it might be better if Blair liquidated and started a new firm from scratch without the present difficulties. Mr. Daley did not concur with Mr. Sporkin's suggestion. He did say that they will have a program to clear up their operational difficulties and will supply progress reports to the S.E.C. on a weekly basis.

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Defendant's Exhibit KKK

Mr. Sporkin outlined three further restrictions on Blair's operation:

(1) No new margin accounts;
(2) Only cash accounts; and
(3) The remittance of any credits in customers' cash accounts or security held for customers.

Mr. Sporkin closed the conference reiterating his thought that Blair's real problem is the operational and back office problem and not their capital situation. Also he believes the only solution is to liquidate Blair & Co. and begin a successor firm.

SDO

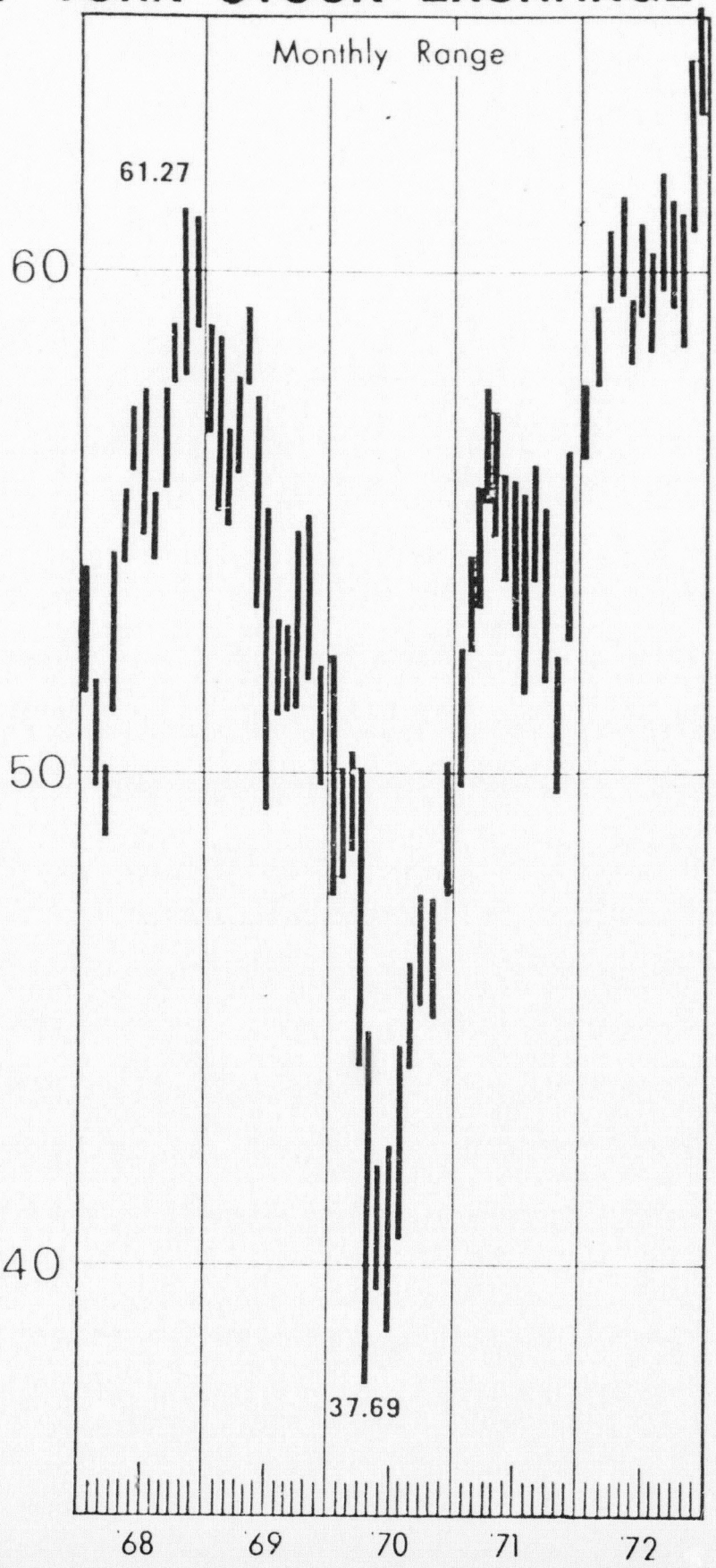
STEPHEN D. OESTREICH
Attorney Branch #4

E 422

DEFENDANT'S EXHIBIT LLL

CHART SHOWING NYSE PRICE INDEX FOR 1968-1972, UNDATED

NEW YORK STOCK EXCHANGE INDEX



E 423

DEFENDANT'S EXHIBIT MMM

MEMO CAMBERE (HAYDEN STONE) TO COYLE, JULY 29, 1969

HAYDEN, STONE
INCORPORATED ESTABLISHED 1892
MEMBERS NEW YORK STOCK EXCHANGE

INTER-OFFICE MEMORANDUM

DATE July 29, 1969

TO Mr. A. J. Coyle

COPIES TO Messrs. D.R. Strober
W.F. Isaacs
G.A. Murray

FROM Ara A. Cambere

SUBJECT John Foley - possible Secured Note Holder.

As you know, Mr. Dudley G. Luce introduced me some time ago to Mr.John Foley and his attorney, Leonard Feldman, Esq. By coincidence I have known Mr. Feldman for many years but had not seen him for some time until we started the exploratory discussions for his client, Mr. Foley.

Mr. Foley has had a very successful business in psychological/personnel work and has amassed a large fortune. He has been interested in phasing out of this business and is intrigued with the possibilities of becoming a Secured Note Holder.

Mr. Feldman, today, outlined the terms under which Mr. Foley might be interested in working something out:

1. He would put up 3 million dollars of listed securities to secure a Subordinated Secured Note of 2 million plus (depending on the hair cut).

2. He would consider a five year term for this Note but feels this is somewhat on the long side and would prefer to negotiate for around three years. May be we can get away with a four year term.

3. Instead of the usual 5% interest he would consider a 3%.

4. He would like an option to purchase Participating Stock equivalent to 10% of the face amount of his Subordinated Secured Note. (In other words, a 10% equity play). Exercise price to be negotiated but Mr. Feldman thought that a big premium over current book would be unacceptable in light of present P&L.

5. He would like to enter into a consulting arrangement with us with respect to our personnel activities. Because of his vast experience he could conceivably be of great help in this area. The retainer fee is to be negotiated. Inasmuch as he has no need for income, I think we would probably get away with between $20,000/$40,000 annually. The absolute

E 424
Defendant's Exhibit MMM

retainer fee was not discussed with Mr. Feldman/

If we have any interest in pursuing this further, Mr. Feldman would like us to spell out in greater detail the terms we have in mind. After the many months of negotiations which Mr. Luce and I have conducted with Mr. Foley, it now looks like he is ready to move. He and Mr. Feldman are aware of the necessity of signing the so called "clearance" letter as required by the NYSE.

Mr. John Foley is with J. P. Foley & Co., Inc., 50 East 42nd Street, New York, N.Y.

Mr. Leonard Feldman is located at 2 Pennsylvania Plaza, New York, N.Y.

E 425

DEFENDANT'S EXHIBIT OOO

LETTER EGGERS (HAYDEN STONE) TO FELDMAN WITH AUGUST 4, 1969 LETTER HAYDEN STONE TO FOLEY, PRINTED SUBORDINATION AGREEMENT AND STOCK PURCHASE OPTION ATTACHED, AUGUST 4, 1969

HAYDEN, STONE
INCORPORATED - ESTABLISHED 1892
MEMBERS NEW YORK STOCK EXCHANGE

25 BROAD STREET, NEW YORK, NEW YORK 10004 · TELEPHONE 363-3100

August 8, 1969

Leonard Feldman, Esq.
2 Pennsylvania Plaza
New York, New York

Dear Mr. Feldman:

In connection with the proposed Subordinated Account of Mr. John P. Foley, Jr., I enclose the following documents:

(1) Letter of intent from Hayden, Stone;

(2) Package containing explanatory material, Subordination Agreements and forms required for New York Stock Exchange approval;

(3) Letter agreement amending Subordination Agreement;

(4) Form of stock purchase option.

You will notice that items (1) and (3) refer to the "capital value" of the Subordinated Account. A member firm, in computing net capital under the rules of the Exchange, must deduct 30% of the market value of common stocks (and a lesser percentage in the case of certain bonds). The capital value is the amount remaining after this deduction.

Let me explain the blank spaces in the option. Under our Certificate of Incorporation the purchase price of an option cannot be less than the book value of the stock as of the end of the month preceding the granting of the option. Assuming the option is granted in August, this would be the July book value, which will not be computed until the end of August. The other

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Defendant's Exhibit 000

AYDEN, STONE
INCORPORATED - ESTABLISHED 1892

blank space is of course for 10% of the capital value of the securities in the Subordinated Account.

We expect to obtain approval of the option by our Board of Directors very shortly and I will notify you when this has occurred. I will also send you a letter to be signed by Mr. Poley confirming his knowledge of our current conditions, which is required by the New York Stock Exchange.

Please call me if you have any questions.

Very truly yours,

John K. Eggers
Secretary

Enc.

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Defendant's Exhibit 000

HAYDEN, STONE
INCORPORATED - ESTABLISHED 1892
MEMBERS NEW YORK STOCK EXCHANGE

25 BROAD STREET, NEW YORK, NEW YORK 10004 • TELEPHONE 363-3100

August 8, 1969

Mr. John P. Foley, Jr.
J. P. Foley & Co., Inc.
50 East 42nd Street
New York, New York

Dear Mr. Foley:

Subject to the approval of the New York Stock Exchange, we propose to accept a Subordinated Account from you under the following terms and conditions:

(1) The market value of the securities to be deposited will be at least $3,000,000.

(2) The term of the Subordination Agreement will be 5 years and Hayden, Stone will pay compensation of 5% per annum on the capital value of the securities in the account.

(3) You will be granted an option to purchase Junior Participating Preferred Stock of Hayden, Stone in a total dollar amount equal to 10% of the capital value of the securities initially deposited in the Subordinated Account. The purchase price of the Junior Participating Preferred Stock will be 110% of the net book value of such stock as of the close of the regular monthly accounting period next preceding the date of the granting of the option. The option of course must be approved by our Board of Directors.

You understand that no stockholder of Hayden, Stone may transfer or encumber any of its capital stock without the prior consent of the New York Stock Exchange and certain other regulatory agencies. We assure you, however, that when public ownership of the corporation's securities becomes permissible in the future, we will afford you the same opportunities for removing transfer restrictions on your stock and participation in public offering as are given to our other stockholders.

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Defendant's Exhibit 000

HAYDEN, STONE
INCORPORATED - ESTABLISHED 1926

Mr. John P. Foley, Jr.
August 8, 1969
Page Two

(4) A consulting arrangement will be considered between your company, or you as an individual, and Hayden, Stone, the details of which will be negotiated at a later date.

Very truly yours,

HAYDEN, STONE INCORPORATED

By_____

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Defendant's Exhibit 000

HAYDEN, STONE
INCORPORATED - ESTABLISHED 1892
MEMBERS NEW YORK STOCK EXCHANGE

SUBORDINATION AGREEMENT

E 430
Defendant's Exhibit 000

AGREEMENT between ..... (hereinafter called the "Owner") and HAYDEN, STONE Incorporated (hereinafter called the "Corporation").

1. *Definitions.* For the purposes of this Agreement each of the following terms shall have the meaning hereinafter set forth:

(a) *Expiration Date* shall mean the earliest of the following dates: (i) six months after the end of the month in which the Owner delivers written notice to the Corporation demanding termination of this Agreement, or (ii) two months after the end of the month in which the Corporation mails written notice to the Owner demanding termination of this Agreement; *provided*, that any notice delivered or mailed after the occurrence of a Determination or an Event of Subordination, shall, subject to the provisions of paragraph 7 hereof, be deemed delivered or mailed as of the date on which such Determination or Event of Subordination is remedied.

(b) *Account* shall mean each account which the Owner shall have agreed shall be covered by this Agreement and which is described on the books of the Corporation as a "Subordinated Account".

(c) *Securities* shall mean all stocks, notes, bonds, debentures, warrants, rights and other like property and interests from time to time in an Account, and shall also include all stock dividends, stock splits or distributions, all partial and complete liquidating dividends and principal paid with respect to any of the foregoing and all dividends and interest paid after the occurrence of a Determination or an Event of Subordination.

(d) *Capital Value* shall mean 100% of the value of cash and that portion of the market value of Securities determined in accordance with the applicable capital requirements rules and regulations of the New York Stock Exchange (hereinafter referred to as the "Exchange") as promulgated by the Exchange and in effect at the time of such valuation.

(e) *Determination* shall mean a determination by (i) the Chairman of the Board of the Corporation, (ii) the President of the Corporation, or (iii) any three members of the Executive Com-

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Defendant's Exhibit 000

mittee of the Corporation (acting either with or without a meeting), in the uncontrolled discretion of such officer or officers, that the cash and Securities in an Account, any part thereof, or any proceeds thereof, are needed by the Corporation to continue to meet the capital requirements of the Exchange or to meet the obligations of the Corporation as they mature.

(f) *Event of Subordination* shall mean the insolvency of the Corporation, the making of an assignment for the benefit of creditors by the Corporation, the appointment of a receiver or similar officer for the Corporation, the filing of a petition in bankruptcy by or against the Corporation, or the commencement of any proceeding by or against the Corporation under any bankruptcy or debtor's law for its relief or reorganization or for the composition, extension, arrangement or readjustment of any of its obligations.

(g) *Maturity Date* shall mean the day which is one year after the occurrence of a Determination or an Event of Subordination.

(h) *Subordinated Creditors* shall mean persons who (i) have executed or will from time to time in the future execute subordination agreements in substantially the same form as this Agreement, (ii) have executed or will from time to time in the future execute agreements subordinating their wholly-owned memberships on any exchange to the claims of general creditors of the Corporation, (iii) have contributed or will from time to time in the future contribute Secured Notes to the Corporation, or (iv) are, or will from time to time in the future become, holders of any other rights against the Corporation which by their terms are subordinated to the claims of general creditors of the Corporation.

2. *Compensation.* Until the Expiration Date (or if a Determination or Event of Subordination has occurred prior to the Expiration Date, then until it shall be remedied), the Corporation will pay to the Owner each month compensation in an amount calculated at the rate of (i) two percent per annum of the Capital Value, not exceeding $....., of all Securities in the Account at the last statement date of the preceding month and (ii) six percent per annum on the cash credited to the Account at the last statement date of the preceding month; *provided* that, if such Capital Value and cash are less than

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Defendant's Exhibit 000

$..... in total (hereinafter called the "Minimum Value"), no compensation shall be paid to the Owner but none of the other terms and conditions of this Agreement shall be affected. The Corporation shall not be obligated to pay such compensation with respect to cash or Securities sold or otherwise liquidated by the Corporation pursuant to the provisions of paragraph 4 hereof from the date of such sale or other liquidation.

3. *Subordination.* The Owner hereby agrees to subordinate and hereby irrevocably does subordinate any and all claims with respect to the cash and Securities in each Account which he, as Owner, creditor or otherwise, may now or at any time hereafter have against the Corporation to the claims of all other present and future creditors of the Corporation (who are not also Subordinated Creditors) arising out of any matter occurring prior to the Expiration Date or, when so provided by paragraph 6, the Maturity Date, and in an Event of Subordination, the Owner shall not be entitled to receive any cash or Securities in an Account or to participate or share ratably or otherwise on account thereof in the distribution of the assets of the Corporation until all such claims have been fully satisfied or provision made therefor, it being understood that provision shall be deemed to have been made for payment in full of all such claims if the assets of the Corporation available to pay the same shall be adequate in amount to satisfy them fully irrespective of whether any such assets are in any manner set aside for such purpose. However, the Owner's claim on account of such cash and Securities shall rank equally with claims of other Subordinated Creditors, except that such claim shall rank senior to claims under the Corporation's Series B 6% Registered Subordinated Debentures.

4. *Liquidation.* The Owner hereby agrees that if a Determination or an Event of Subordination occurs, any or all of the Securities may be hypothecated or pledged or sold at public or private sale or on any securities or commodities exchange or otherwise liquidated by the Corporation and cash in the Account may be withdrawn therefrom by the Corporation, all at any time or from time to time without notice to the Owner and without any advertisement, and the proceeds of such hypothecation, pledge, sale or other liquidation together with cash so withdrawn shall constitute property of the Corporation. For the purposes of this Agreement, a withdrawal of cash by the Corporation from the

Account, as aforesaid, shall be deemed a liquidation of Securities at the time of such withdrawal. All Securities with respect to which a Determination shall not have been remedied pursuant to the provisions of paragraph 7 hereof within 90 days following the date of such Determination shall, if not theretofore liquidated, be deemed to have been liquidated by the Corporation on such 90th day.

5. *Ownership Prior to a Determination or an Event of Subordination.* Prior to the occurrence of a Determination or an Event of Subordination, the Corporation shall not have the right to sell, pledge, hypothecate, or in any way liquidate the Securities and the Owner shall be and remain the legal and beneficial owner of the cash and Securities in an Account, shall have the sole right to vote or consent with respect to the Securities and shall have the sole right to direct the sale, purchase or exchange of the Securities; *provided*, that the net proceeds of any such transaction shall be held or invested by the Owner in the Account subject to the terms and conditions of this Agreement unless withdrawn pursuant to the provisions of paragraph 9 hereof. The Owner also shall have the benefit of any increase and bear the risk of any decrease in the value of the Securities and shall pay all taxes and like assessments upon or with respect to the Securities and the gain or loss of value thereof. All interest and dividends on or with respect to the Securities (excluding dividends and distributions expressly made part of the Securities by this Agreement) shall be paid to the Owner and such payments shall not be considered withdrawals by the Owner subject to the provisions of paragraph 9 hereof, unless and until interest or dividends so paid to the Owner are deposited by him in the Account, or unless the Owner has given standing instructions that such interest and dividends shall be retained in the Account and not paid to him. The Securities shall be registered in the name of the Corporation or its nominee.

6. *Owner's Claim After Liquidation.* Upon any sale or other liquidation of the Securities or any part thereof, pursuant to the provisions of paragraph 4 hereof, the Owner shall have a claim against the Corporation in an amount equal to the amount realized by the Corporation on such sale or other liquidation after deducting the expenses thereof, which claim shall be due and payable by the Corporation on the Maturity Date, or if arising thereafter, shall be due and payable by the Corporation on written demand therefor by the Owner

delivered to the Corporation. With respect to any cash or Securities deemed to have been liquidated by the Corporation as provided in said paragraph 4, the amount of the Owner's claim shall be an amount equal to the fair market value of such Securities (in the case of cash, the amount thereof) as of the date on which such liquidation shall be deemed to have occurred, less expenses which would have been incurred had such Securities been sold at that time. The Owner shall be entitled to receive interest on his claim from the date on which such claim arises at the rate of five percent per annum payable monthly. The right of the Owner to receive payment of his claim and interest thereon shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all present and future creditors of the Corporation (who are not also Subordinated Creditors) arising out of any matter occurring prior to the Maturity Date, and in an Event of Subordination, the Owner shall not be entitled to participate or share ratably or otherwise in the distribution of the assets of the Corporation until all such claims have been fully satisfied or provision made therefor, it being understood that provision shall be deemed to have been made for payment in full of all such claims if the assets of the Corporation available to pay the same shall be adequate in amount to satisfy them fully irrespective of whether any such assets are in any manner set aside for such purpose. However, the right of the Owner to receive payment of his claim and interest thereon shall rank equally with claims of other Subordinated Creditors, except that such right shall rank senior to claims under the Corporation's Series B 6% Registered Subordinated Debentures.

Subject to such subordination, the Corporation may prepay the Owner's claim in whole or in part, with interest accrued thereon to the date of such prepayment, at any time prior to the Maturity Date either upon written demand therefor by the Owner delivered to the Corporation, or at the option of the Corporation, *provided* that prior to any such prepayment (i) either the Chairman of the Board or the President of the Corporation (excluding the Owner while holding either office), or, if both such officers shall be disqualified or absent, a Senior Vice President of the Corporation, consents in writing to such prepayment, which consent shall be given only in the uncontrolled discretion of such officer, and (ii) notice of such prepayment is given to the Exchange. If it is subsequently determined that the Corporation was insolvent at the time of payment of any portion or all of the prin-

cipal amount of the Owner's claim, whether on or prior to the Maturity Date, the Owner agrees (whether or not he had any knowledge or notice of such insolvency at the time of such payment) to repay to the Corporation, its successors or assigns the principal amount so paid to him (together with any accrued interest paid therewith) which amount so repaid shall remain subordinate to the claims of creditors of the Corporatio as and to the extent provided in this paragraph. Any suit for the repayment or other recovery of any such amount must be commenced within one year after the date of payment of such amount to the Owner. The Corporation shall have the right to issue to the Owner a subordinated debenture in the amount of his claim, with like maturity, a like rate of interest, like subordination, and like provision for prepayment by the Corporation in substitution for his claim. Such subordinated debenture shall be in form approved by the Exchange. Default of the Corporation in paying interest to the Owner as aforesaid shall not affect the provisions of this paragraph subordinating the Owner's claim.

7. *Annulment of Determination.* A Determination may be retroactively annulled in whole or in part at any time or from time to time by the Executive Committee of the Corporation with the prior consent of the Exchange. Such annulment shall be effective with respect to all Securities not subject to pledge or hypothecation and all cash or Securities not sold or otherwise liquidated by the Corporation pursuant to the provisions of paragraph 4 hereof at the time of such annulment. For the purposes of this Agreement, a Determination shall be deemed "remedied" at the time of any annulment thereof.

8. *Substitution.* As long as the Corporation continues to meet the capital requirements of the Exchange, the Owner shall have the right at any time and from time to time, upon delivery of written demand therefor to the Corporation, to substitute for any property in the Account other property having a Capital Value not less than the Capital Value of such property at the time of such substitution. Cash or Securities withdrawn from an Account upon such substitution shall not thereafter be subject to the terms and conditions of this Agreement unless and until redeposited in an Account by the Owner.

9. *Withdrawals.* Prior to the occurrence of a Determination or an Event of Subordination, the Owner shall have the right at any time and from time to time, in each instance on at least 30 days' prior written

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Defendant's Exhibit 000

notice delivered to the Corporation, to withdraw cash or Securities from an Account if after such withdrawal the total value of cash or Securities in every Account of the Owner still equals or exceeds the Minimum Value set forth in paragraph 2 hereof. The Corporation, acting through either the President or the Chairman of the Board (excluding the Owner while holding either office) or, if both such officers shall be disqualified or absent, a Senior Vice President, and in the uncontrolled discretion of such officer, may by written consent permit such withdrawal prior to the expiration of such period of notice.

Any cash or securities withdrawn from an account as hereinabove provided shall not thereafter be subject to the terms and conditions of this Agreement unless and until redeposited in an Account by the Owner; *provided,* however, that if it is determined that at the time of any withdrawal, except upon substitution as provided in paragraph S hereof, the Corporation was insolvent, the Owner agrees (whether or not he had any knowledge or notice of such insolvency at the time of such withdrawal) to repay and return forthwith to the Corporation, its successors or assigns, for replacement in the Account from which they were withdrawn, all of the withdrawn cash and Securities or, if the Owner has disposed of any or all of the withdrawn Securities, any remaining withdrawn Securities and the proceeds of such disposition after deducting the expenses thereof. All such repaid and returned cash and Securities and/or proceeds shall thereupon become subject to all of the terms and provisions hereof. Any suit for the repayment, return or other recovery of such withdrawn cash and Securities and/or roceeds must be commenced within one year after the date of such withdrawal.

The Owner shall have the right to withdraw cash and Securities remaining in the Account on the Expiration Date provided that no Determination or Event of Subordination has occurred which remains unremedied. If the Owner withdraws such cash or securities after a Determination has been remedied and if it is determined that both on the Expiration Date and as of the date of such withdrawal the Corporation was insolvent, the Owner agrees (whether or not he had any knowledge or notice of such insolvency at the time of such withdrawal) to repay and return forthwith to the Corporation, its successors or assigns, for replacement in the Account from which they were withdrawn, all of the cash and Securities so withdrawn, or if the Owner

has disposed of any or all of the Securities so withdrawn any remaining Securities so withdrawn and the proceeds of such disposition after deducting the expenses thereof. All such repaid and returned cash and Securities and/or proceeds shall thereupon become subject to all of the terms and provisions hereof. Any suit for the repayment, return or other recovery of cash and Securities so withdrawn and/or proceeds must be commenced within one year after the date of such withdrawal.

10. *Capital for Exchange Purposes.* It is intended that the cash and Securities in an Account be recognized by the Exchange as includible in the net capital of the Corporation, as determined in accordance with the rules and regulations of the Exchange.

11. *Miscellaneous.* This Agreement embodies the entire understanding of the parties hereto. It shall be subject to approval by the Exchange, but shall become effective as of and from ....., 19 , even if Exchange approval is received after that date. This Agreement may be modified from time to time by an instrument signed by the parties hereto, provided that the Exchange shall have previously advised the Corporation in writing that it has no objection to such modification. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, executors, administrators, representatives, successors and assigns and shall also inure to the benefit of present and future creditors of the Corporation (who are not also Subordinated Creditors) as and to the extent herein provided. Unless otherwise provided in this Agreement, any notice or demand to be delivered to the Corporation pursuant hereto shall be delivered to an officer of the Corporation as defined in the By-Laws of the Corporation, as from time to time amended (other than the Owner while holding any such office), at its principal place of business in New York, New York. Any notice to be mailed to the Owner pursuant hereto shall be mailed addressed to him at his address appearing below or at such other address as he may specify for such purpose by written notice delivered to the Corporation. This Agreement shall be deemed a contract made and entered into under the laws of the State of New York and shall be governed by the laws of said State in all respects including matters of construction, validity, performance and enforcement.

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Defendant's Exhibit 000

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IN WITNESS WHEREOF, the parties hereto have signed and sealed this instrument as of , 19 .

..... (L.S.)
Owner

.....

.....
Address

HAYDEN, STONE Incorporated

By .....
(Vice) President

Attest:

.....
(Assistant) Secretary

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Defendant's Exhibit 000

STATE OF
COUNTY OF } ss.:

On this day of , 19 , before me personally came , to me known and known to me to be the individual (one of the individuals) described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

.....
Notary Public

*STATE OF
COUNTY OF } ss.:

On this day of , 19 , before me personally came , to me known and known to me to be the individual (one of the individuals) described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

.....
Notary Public

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

On this day of , 19 , before me personally came , to me known, who being by me duly sworn, did depose and say that he resides at , that he is (a Vice) President of HAYDEN, STONE Incorporated, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporation's corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

.....
Notary Public

*This acknowledgement to be completed only if the Account is jointly held.

E 440

Defendant's Exhibit 000

STOCK PURCHASE OPTION

, 1969

Mr. John Foley
50 East 42nd Street
New York, New York

Dear Mr. Foley:

We hereby grant you, subject to the provisions hereof, an option ("Option") to purchase ___*___ shares ("Shares") of our Junior Participating Preferred Stock ("Preferred") for $ ** per share ("Exercise Price").

1. This Option shall expire on August 8, 1974, and on or prior to such date may be exercised in whole at any time or in part from time to time by written notice delivered to us at our principal office in New York City, marked to the attention of the Secretary, signifying an election to exercise this Option and, if exercised in part, stating the number of Shares as to which it is being exercised, accompanied by this Option (which we shall appropriately endorse and return to you in case of partial exercise) and the total Exercise Price of the Shares for which the Option is being exercised.

2. In the event of any stock dividend, split-up, combination or exchange of Preferred or recapitalization or change in capitalization, then the number and kind of Shares that are then subject to this Option shall be proportionately

---

* In this place there shall be inserted an amount that is the quotient of 10% of the capital value of the securities initially deposited in your Subordinated Account, divided by the Exercise Price.

** In this place there shall be inserted 110% of the net book value of the Preferred as of the close of the regular monthly accounting period next preceding the date of your initial deposit of securities.

and appropriately adjusted without any change in the aggregate purchase price to be paid therefor upon exercise of this Option. If we shall become a party to any corporate merger, liquidation, major acquisition of property or stock, separation, reorganization or liquidation, appropriate arrangements may be made, which shall be binding upon you, for the substitution of new options for any unexpired portion of this Option, or for the assumption of any such unexpired portion by others.

3. The issuance of any Shares upon exercise of this Option is subject to applicable rules of the New York Stock Exchange, the securities laws of the United States and any other applicable laws, rules, regulations or administrative determination, and the Company may require such representations from you, and place such legends upon the certificates for such Shares, as may be required thereby.

4. This Option may not be transferred by you otherwise than by will or by the laws of descent and distribution. During your lifetime this Option may be exercised only by you.

Very truly yours,

HAYDEN, STONE INCORPORATED

By_____

E 442

DEFENDANT'S EXHIBIT PPP

MEMO LUCE TO CAMBERE, AUGUST 13, 1969

INTER-OFFICE MEMORANDUM

HAYDEN, STONE

INCORPORATED ESTABLISHED 1926
MEMBERS NEW YORK STOCK EXCHANGE

DATE August 13, 1969

TO Ara A. Cambere

COPIES TO

FROM Dudley G. Luce

SUBJECT John P. Foley, Jr.

Leonard Feldman asked me to meet with him today to discuss our letter of August 8th to John Foley. He had a rough agenda prepared for a meeting with you. I could not get a copy for your use in advance but did make a few notes as Leonard read.

Foley objects to the conversion at 110% of book value preferring 100% at the time of conversion. I am inclined to think that there will be second thoughts on this.

John wishes to have an option to withdraw if "Cambere and Coyle" leave the firm. I did not ask if he meant "Cambere or Coyle", but he has always stressed the fact that he is buying the team - you wil' remember his checks on both of you early in the game.

Leonard also asked to be supplied with the following information:

Terms and conditions of all classes of securities.

The holdings of the six largest voting stockholders in the various classes of securities. This should include any options or warrants.

Leonard expects the usual representations as to solvency and compliance with the New York Stock Exchange and the Securities & Exchange Commission regulations.

John wants the consulting agreement spelled out. If I am to believe Leonard, he is more interested in the objectives of his work than in the fees to be received, and has some very definite ideas, gained from his industrial experience, as to how Wall Street should modernize in various ways but particularly in the training of people in the selection of personnel.

D. G. L.

/mb

E 443

DEFENDANT'S EXHIBIT WWW

MEMO TO CAMBERE TO COYLE, MARCH 24, 1970

INTER-OFFICE MEMORANDUM

HAYDEN, STONE
INCORPORATED - ESTABLISHED 1892
MEMBERS NEW YORK STOCK EXCHANGE

DATE: March 24, 1970

TO: Mr. Alfred J. Coyle

COPIES TO: Messrs. J.K. Eggers
D.G. Luce

FROM: Ara A. Cambere

SUBJECT: Dr. John P. Foley

I talked to Dr. Foley today and told him that in view of our Oklahoma financing there was no desire on our part to continue the discussions we were having with him. I thanked him for his patience and understanding. He replied that he was disappointed that he was not being associated directly with us.

I told Dr. Foley that John Eggers had been in touch with Mr. Leonard Feldman and that they discussed our picking up Mr. Feldman's legal bill in connection with these negotiations.

A/C

E 444

DEFENDANT'S EXHIBIT AAAA

LETTER BISHOP TO DALEY, SEPTEMBER 8, 1969

September 8, 1969

Joseph C. Daley, Esq.
Mudge, Rose, Guthrie & Alexander
20 Broad Street
New York, New York 10005

Dear Mr. Daley:

This is to advise you that in accordance with your request in behalf of the Schwabacher Division of Blair & Co., Inc., the Exchange has modified or removed the following restrictions as indicated:

1. The quota of registered representatives which now stands at 138 may be increased to 20% during the next 6 months. At the end of that period we will consider further increases in the quota based on the conditions which then prevail.

2. The 18 issues in which you are now making markets may be increased by 10 additional issues.

3. You will be permitted to advertise but we expect that it will be on a conservative basis. Please submit advance copies so that we may get a better idea of the nature of the advertising you propose.

4. There will be no objection to your accepting orders in stocks selling under $5 per share.

Sincerely,

/s/ ROBERT M. BISHOP

Robert M. Bishop
Vice President

JJDeitnan/mvn

cc: Mr. Lance Allen

E 445

DEFENDANT'S EXHIBIT BBBB

LETTER TO OLSON (AY) TO BISHOP, MAY 7, 1969

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N.Y. 10017

May 7, 1969

Mr. Robert M. Bishop, Vice President
New York Stock Exchange
11 Wall Street
New York, New York 10005

Dear Sir:

This letter is in response to Mr. Lloyd McChesney's suggestion that we set forth in writing our plans for conducting the 1969 surprise examinations of Blair & Co., Inc. and Schwabacher & Co. (now Schwabacher Division of Blair & Co., Inc.)

Our schedule calls for the Schwabacher & Co. examination to commence as of the end of June 1969 and the Blair & Co., Inc. examination as of the end of September 1969.

As you know, the Schwabacher firm has experienced very severe operating problems and while it is our understanding that important improvements have been made in day to day operating capabilities as well as reductions in error backlogs, considerable work remains to be done. We have been approached by management to assist with this work by expanding the scope of our "surprise examination" to include an extraordinarily comprehensive review and evaluation of operating procedures and controls, together with recommendations for improvements and other changes. We have also been asked to lay out a plan complete with mechanical detail and a step by step time table for the consolidation of operations of the two firms.

In recognition of the expanded scope of the work we have been asked to do and the importance of its meaningful and timely accomplishment to the Blair and Schwabacher people, as well as to the investment community as a whole, we feel it can best be done by handling the Schwabacher work separately at the time mentioned above.

This schedule (June and September) will allow us to assign our very best and most experienced people from several of our offices (Chicago, New York and San Francisco) to the Schwabacher

E 446

Defendant's Exhibit BBBB

ARTHUR YOUNG & COMPANY

engagement. Inasmuch as we do not enjoy complete flexibility with respect to experienced personnel, any other schedule would be less favorable. Furthermore, this schedule will permit Blair & Co., Inc. to assign certain of its top back office personnel to assist with the Schwabacher engagement.

It is our understanding that there are no significant intercompany dealings and accounts and that the firms are using distinct clearing designations. This situation would also seem to facilitate a "separate entity" examination.

The only significant problem we can anticipate relates to a 1969 statement of financial condition for the combined entity. While combining figures of separate entities at different dates is generally accepted and commonly done for industrial and other companies, Stock Exchange rules pertaining to member firm reporting, may require special interpretation for this purpose. We believe, however, that statement presentation of and our reports on the Blair and Schwabacher entities combined can be constructed so that they will give a clear and concise presentation of the relevant financial information.

In summary, we think our approach to these engagements as outlined above is the most convenient and economical to all parties concerned and we are convinced, in light of our capabilities and flexibilities, as well as those of Blair and Schwabacher, that it will accommodate the best and most timely conclusion. We have considered but have dismissed for reasons of cost and disruption to the firms' business, other approaches, including a repeat audit of Schwabacher coincidental with Blair's.

We would appreciate receiving your concurrence on these matters at your earliest convenience. Should you need any additional information, we would be pleased to furnish it.

Yours very truly,

ARTHUR YOUNG & COMPANY

by W. N. Olson

W. N. Olson

E 447

DEFENDANT'S EXHIBIT CCCC

LETTER BISHOP TO OLSON (ARTHUR YOUNG), MAY 23, 1969

NEW YORK STOCK EXCHANGE

11 WALL STREET

NEW YORK, N. Y. 10005

Blair & Co

May 23, 1969

Mr. W. N. Olson, Partner
Arthur Young & Company
277 Park Avenue
New York, New York 10017

Dear Mr. Olson:

Your request to conduct audits of Blair & Co. in two separate stages by auditing first the Schwabacher Division and a number of months later auditing the Division which was formerly Blair & Co. is approved for 1969.

In accordance with our discussions you are advised that the New York Stock Exchange will require that the Division of Blair & Co. not being audited will, as of the same date of the Division being audited, prepare answers to a Special Financial Questionnaire of the New York Stock Exchange. We also request that the answers to both Divisions be presented in a combined format if this does not prove to be impracticable.

The Statement of Financial Condition for the total Blair & Co. entity is to be presented in a format so that the separate divisions as well as combined figures are shown.

This permission to audit the Blair & Co. entity as two separate divisions and at different times for 1969 is granted as an exception to Exchange rules and policies and applicable only under the unique circumstances surrounding this particular merger and should not be construed as a precedent for a similar request for 1970 or subsequent years.

COPY

E 448

Defendant's Exhibit CCCC

We have discussed your request with Mr. Andrew Barr, Chief Accountant of the Securities and Exchange Commission who has orally advised that the proposed auditing procedures for 1969 will be acceptable in this particular instance.

Very truly yours,

/s/ ROBERT M. BISHOP

RMB/LWMcCHESNEY:cmr

Robert M. Bishop,
Vice President

E 449

DEFENDANT'S EXHIBIT DDDD

LETTER OLSON (AY) TO BISHOP, NOVEMBER 7, 1969

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N. Y. 10017

November 7, 1969

Mr. Robert M. Bishop, Director
Department of Member Firms
New York Stock Exchange
4 New York Plaza
New York, New York 10005

Dear Sir:

In connection with our surprise examination of the accounts of Blair & Co., Inc. as of September 26, 1969, we find that an extension in time for filing the member's Answers to Financial Questionnaire of fourteen (14) days would be appropriate.

1. Based on that part of our audit to date, we have no clear indication of matters or conditions which would cause us to comment on material inadequacies in the accounting systems, the internal accounting control and procedures for safeguarding securities.

2. Based on that part of our audit to date, we have no reason to doubt that the member firm was meeting New York Stock Exchange capital requirements as of September 26, 1969.

3. Nothing has come to our attention which would lead us to believe that the condition of the member's firm records is endangering its ability to supervise its registered representatives and their handling of customer accounts.

4. An extension of time for filing the Answers is mainly necessary because training and working on conversion to the Mid-West System has delayed work in the audit area.

Should you need any additional information, we would be pleased to furnish it.

Very truly yours,

ARTHUR YOUNG & COMPANY

By Walter N. Olson
Walter N. Olson

9/26/69 - R
rec'd - 11/10
ltr. - 11/24

CT-1:10

E 451
Defendant's Exhibit EEEE

4. The principal reasons for the request (need) for an extension in time for filing respondent's Answers to Financial Questionnaire are as follows.

(a) Substantial additional work in connection with the Blair-Schwabacher merger including inter-divisional transactions and balances, certain matters relating to account balances and book values for purchase price determination and settlement and reporting problems emanating from the necessity for divisional as well as consolidated report presentation.

(b) The necessity of certain of respondent's key operations personnel to devote considerable time and energies to the establishment of a controlled environment for Blair & Co., Inc.'s record conversion to the Midwest Stock Exchange Service Corporation bookkeeping system. When accomplished, the divisions' operations will be completely compatable and consequently easier to control on a timely basis.

(c) Additional work needs to be done in connection with certain suspense and unallocated security positions and money balances cited in respondent's letter to you. Based on the current status of our work relating to these items, certain potential resolution is evident.

Should you desire to have additional information regarding these matters, we would be pleased to hear from you.

Yours very truly,

ARTHUR YOUNG & COMPANY

By Walter M. Olson

E 452

DEFENDANT'S EXHIBIT GGGG

LETTER OLSON (AY) TO BARTON (SEC) ENCLOSING BLAIR & CO., INC. CAPITAL COMPUTATION AS OF SEPTEMBER 26, 1969 DATED DECEMBER 10, 1969

ARTHUR YOUNG & COMPANY

277 PARK AVENUE
NEW YORK, N.Y. 10017

December 10, 1969

Mr. Joseph O. Barton, Chief
Broker-Dealer Division
Securities and Exchange Commission
26 Federal Plaza
New York, New York 10004

Dear Sir,

In connection with the filing of Answers to Financial Questionnaire of Blair & Co., Inc. at September 26, 1969, which was submitted to your office December 8, 1969 and in response to your Mr. Rosenberg's telephone request of November 6, 1969, we enclose two (2) copies of the net capital computation based upon the Answers.

The computation which shows excess net capital of approximately $1,150,000 was prepared in accordance with our interpretation of the provisions of New York Stock Exchange Rule 325, and therefore does not necessarily correspond to that entity's interpretations. Please note that while no credit has been taken in the computation for other security positions long ($2,420,732 and $545,896), Question 13, no charge has been made for other security positions short ($2,404,974 and $499,420). Furthermore, a charge has been made for all dividends receivable exclusive of one substantial item ($148,00') subsequently collected (Question 13), rather than for just those in a non-current category as well as for $68,566 accrued interest on firm securities (Question 13) and a greater shave on firm owned municipal securities than would have been the case if they had been rated on an individual issue basis.

Yours very truly,

ARTHUR YOUNG & COMPANY

By Walter N. Olson
Walter N. Olson

cc: Mr. Lloyd McChesney
Chief Examiner
New York Stock Exchange

Enclosures

E 453

Defendant's Exhibit GGGG

BLAIR & CO., INC.

COMPARISON OF COMBINING AGGREGATE INDEBTEDNESS WITH COMBINING NET CAPITAL UNDER CAPITAL REQUIREMENTS OF THE NEW YORK STOCK EXCHANGE

September 26, 1969

(Unaudited)

Maximum aggregate indebtedness allowed (2,000% of $5,363,049)	$107,260,980
Actual aggregate indebtedness (see page 2)	84,304,030
Excess of allowed over actual indebtedness	$ 22,956,950
Capital requirement (5% of aggregate indebtedness)	$ 4,215,202
Excess of net capital over capital requirement	1,147,847
Net capital (see page 6)	$ 5,363,049
Ratio of aggregate indebtedness to net capital	15.72 to 1

8-1279-1 A

SEC. AND EXCH. COMM.
N. Y. REGIONAL OFFICE
RECEIVED
DEC 11 1969
FILED

BLAIR & CO., INC.

COMBINING AGGREGATE INDEBTEDNESS UNDER CAPITAL REQUIREMENTS OF THE NEW YORK STOCK EXCHANGE

September 26, 1969

(Unaudited)

Question					
	Aggregate indebtedness:				
2.A.1.	Money borrowed collateralized by customers' other securities				$40,744,000
4.A.2.	Money payable against stocks loaned - customers' securities				1,508,550
4.B.2.	Money payable against failed to receive - customers' securities				10,794,778
6.A. and B.	Credit balances in customers' accounts having short positions and open contractual commitments				10,838,588
6.A. and B.	Other participants' interest in joint account - 75% of ledger balance				303,739
6.F.	Customers' free credit balances in security accounts				14,186,726
	Equities in customers' commodity accounts in excess of any funds segregated under the Commodity Exchange Act:		Regulated	Non-regulated	
7.A.	Equities in customers' commodity accounts		$54,657	$ 30,759	
7.E.	Commodity customers' free credit balances		587	8,415	
			55,244	39,174	
	Deduct:				
1.	Segregated commodity funds	$10,582			
2.B.2.a.	Due from carrying broker - regulated	66,710	77,292	-	
			$ -	$ 39,174	39,174
8.A. and B.	Credit balances in officers' accounts having short positions				96,651
8.F.	Officers' free credit balances in security accounts				36,528
	All other money liabilities:				
13.	Dividends and interest payable				698,238
13.	Commissions payable to brokers for current floor brokerage				42,750
13.	Accrued salaries and salesmen's commissions				611,003
13.	Accrued syndicate payables and expenses				207,551
13.	Social security, income and other taxes payable and accrued				300,002
13.	Accounts payable and accrued expenses				1,910,793
16.	Contingent liability for drafts with securities attached deposited for immediate credit (collected subsequent to September 26, 1969):				
	Blair Division			$ 411,218	
	Schwabacher Division			1,553,741	1,964,959
	Aggregate indebtedness				$84,304,030

E454 Defendant's Exhibit GGGG

BLAIR & CO., INC.

COMBINING NET CAPITAL UNDER CAPITAL REQUIREMENTS
OF THE NEW YORK STOCK EXCHANGE

September 26, 1969

(Unaudited)

Question			Debit	Credit
	Net capital:			
	Capital accounts:			
11.C.1.	$20 Class A Voting Cumulative Preferred Stock, $1 par value, liquidating value $500:			
b.	Issued - 264 shares			$ 264
	$6 Cumulative Preferred Stock, $100 par value:			
b.	Issued - 4,322 shares			432,200
c.	Treasury stock - 7 shares		$ 700	
	$4 Cumulative Preferred Stock, $10 par value:			
b.	Issued - 45,340 shares			453,400
c.	Treasury stock - 664 shares		66,400	
	Voting Common Stock, $1 par value:			
b.	Issued - 118,684 shares			118,684
c.	Treasury stock - 4,230 shares		29,597	
	Non-voting Common Stock, $1 par value:			
b.	Issued - 88,719 shares			88,719
c.	Treasury stock - 20 shares		254	
	Capital stock subscribed	$1,100,000		
	Subscriptions receivable	1,039,600		60,400
11.C.2.	Capital surplus			6,589,390
11.C.3.	Earned surplus or deficit		6,207,690	
11.C.4.	Demand notes contributed as capital by officers, directors and others			22,022,000
12.A.	Subordinated accounts:			
	Account of an officer-director and accounts of others:			
	Ledger balances - credit			546
	Market value of exempted securities			23,800
	Market value of other securities			485,821
12.B.	Other subordinated borrowings:			
	Registered subordinated debenture notes, interest, at prime rate in New York City plus 2% contingent interest but not less than 6%, owned by officers and/or directors and others, which are subordinated to claims of general creditors			2,713,000
	8% registered subordinated debenture notes, owned by others, which are subordinated to claims of general creditors			230,000
	6% registered subordinated notes owned by an officer and others due August 1, 1973, which are subordinated to claims of general creditors			26,000
	Carried forward		$ 6,304,641	$33,744,224

E455 Defendant's Exhibit 6666

BLAIR & CO., INC.

COMBINING NET CAPITAL UNDER CAPITAL REQUIREMENTS
OF THE NEW YORK STOCK EXCHANGE

September 26, 1969

(Unaudited)

Question				Debit	Credit
	Net capital (Cont'd):				
	Brought forward			$ 6,304,641	$33,744,224
10.	Trading and investment accounts of respondent:				
A.	Securities accounts:				
	Ledger balances - debit			6,306,551	
1.	Market value of exempted securities - long				3,411,150
	Market value of exempted securities - short			8,500	
2.	Market value of other securities - long				2,250,483
	Market value of other securities - short			362,442	
C.	Other securities accounts:				
	Ledger balances - debit			598,706	
1.	Market value of exempted securities - long				11,585
	Market value of exempted securities - short			10,302	
2.	Market value of other securities - long				1,247,231
	Market value of other securities - short			503,006	
7.	Customers' commodity accounts:				
D.	Unsecured debit balances			68,001	
6.	Customers' security accounts:				
B.	Secured joint account in which respondent has a 25% interest:				
	Respondent's portion:				
	Ledger balance - credit				101,246
	Market value of securities - short			101,037	
C.	Partly secured accounts:				
	Ledger balances			48,370	7,561
	Market value of other securities - long				78,105
	Market value of other securities - short			172,847	
D.	Unsecured accounts:				
	Ledger balances - debit			209,065	
	Market value of securities - short			295,243	
	Adjustments for market value of securities - long:				
6.C.	Partly secured accounts:				
	Other securities	$ 78,105	at 30%	23,432	
10.	Trading and investment accounts of respondent:				
A.1.	Exempted securities	3,411,150	at 10%	341,115	
A.2.	Other securities:				
	Fidelity Bank, Beverly Hills, Calif.	549	at 50%	275	
	Space Ordnance Systems	4,433	at 50%	2,217	
	Others	2,245,501	at 30%	673,650	
		2,250,483			
	Carried forward			$16,030,300	$40,851,585

E456 Defendant's Exhibit GGGG

COMBINING NET CAPITAL UNDER CAPITAL REQUIREMENTS
OF THE NEW YORK STOCK EXCHANGE

September 26, 1969

(Unaudited)

Question					Debit	Credit
	Net capital (Cont'd):					
	Brought forward				$16,030,300	$40,851,585
	Adjustments for market value of securities - long (Cont'd):					
10.	Trading and investment accounts of respondent (Cont'd):					
	Conversion account - ledger balance		$ 67,400	at 15%	10,100	
C.1.	Exempted securities		11,585	at 10%	1,159	
	Other securities:					
	Fidelity Bank, Beverly Hills, Calif.		3,402	at 50%	1,701	
	Others		1,243,829	at 30%	373,149	
			1,247,231			
12.A.	Subordinated accounts:					
	Exempted securities		23,800	at 10%	2,380	
	Other securities		985,821	at 30%	295,746	
13.	Secured demand notes:					
	Ledger balances		307,631			
	Exempted securities:					
	Maturing in one year or less	$333,550		at 0%		
	Maturing in more than one year	750,759		at 10%	75,076	
			1,084,309			
	Other securities ($20,675,318 allowable $20,630,060):					
	Belle Isle net profit units	$ 72,150		at 50%	36,075	
	Others	20,557,910		at 30%	6,167,373	
			20,630,060			
	Total secured demand notes		22,022,000			
14.A.	When issued contracts:					
	Exempted securities		180,000	at 10%	18,000	
14.A.	Underwriting commitments:					
	Exempted securities		476,000	at 10%	47,600	
	Assets not allowed in computing net capital under Rule 325:					
8.D.	Officers' unsecured accounts				185,144	
13.	Exchange memberships, at cost				1,734,952	
13.	Furniture, fixtures and leasehold improvements (less depreciation and amortization)				2,595,639	
13.	Accrued interest on securities owned by respondent				68,560	
13.	Syndicate profits and expenses receivable				123,486	
13.	Prepaid expenses and deferred charges				339,922	
13.	Loans and advances to employees				133,936	
13.	Miscellaneous receivables				403,754	
13.	Reorganization expenses, being amortized				87,767	
	Carried forward				$28,731,825	$40,851,585

E 457 Defendant's Exhibit 6666

BLAIR & CO., INC.

COMBINING NET CAPITAL UNDER CAPITAL REQUIREMENTS
OF THE NEW YORK STOCK EXCHANGE

September 26, 1969

(Unaudited)

Question				Debit	Credit
	Net capital (Cont'd):				
	Brought forward			$28,731,825	$40,851,585
	Assets not allowed in computing net capital under Rule 325 (Cont'd):				
13.	Schwabacher-Rafferty & Co. (wholly-owned subsidiary)			269,848	
13.	Other assets			90,000	
13.	Dividends and interest receivable - debit balances			597,597	
13.	Due from partners of company acquired			4,055,691	
	Other charges:				
13.	Market value of dividend shorts	$1,647,618			
	Less valuation of dividend shorts received in by October 5, 1969	148,000	1,499,618		
II(C)(11)	1-1/2% of the market value of the total long or total short future contracts in each commodity, whichever is greater carried for customers			16,506	
III(B)(2)	Cash required to provide margin or other deposits in customers' security accounts			27,246	
4.B.2.	Failed to deliver over 39 days reportable in Part III(K):				
	40-49 days	$ 152,855 at 10%		15,286	
	50-59 days	200,903 at 20%		40,181	
	60 days and over	482,460 at 30%		144,738	
				$35,488,536	40,851,585
					35,488,536
	Net capital, per capital requirements of the New York Stock Exchange				$ 5,363,049

E458
Defendant's Exhibit 6666

E 459

DEFENDANT'S EXHIBIT 0000

LETTER RUSH (BLAIR) TO DUFFY (SEC) ENCLOSING COPY OF BLAIR'S FINANCIAL STATEMENT AS OF SEPTEMBER 26, 1969 DATED FEBRUARY 13, 1970

BLAIR & CO., INC.

20 BROAD STREET

NEW YORK, N.Y. 10005

Members
New York Stock Exchange
American Stock Exchange
Midwest Stock Exchange

Cable Address
OCRIALB NEWYORK

Telephone
DI 4-4000

File

February 13, 1970

SEC. EXCH. COMM.
N. Y. REGIONAL OFFICE
RECEIVED
FEB 13 1970

Mr. Kevin Thomas Duffy
Regional Administrator
U.S. Securities Commission
26 Federal Plaza
New York, N.Y. 10007

B/D

☐ Duffy ☐
☐ Goldman ☐
☐ Handler ☐

Re:NY-BD-EL (Rule 17a-5)

Gentlemen

Enclosed please find a copy of our Financial

Statement as of September 26, 1970

Sincerely yours,

James J. Rush

James J. Rush

JJR:aw
Encl.

BLAIR & C NC.

STATEMENT OF FINANCIAL CONDITION

September 26, 1969 (*)

ASSETS

Current assets:	
Cash on hand and in banks	$ 3,425,522
Cash in banks segregated under the Commodity Exchange Act	10,582
Certificates of deposit	1,400,000
Clearing funds and other deposits	289,710
Receivable from other brokers or dealers against delivery of securities and on open commodity accounts	12,169,913
Receivable from customers on secured accounts and current cash transactions	53,312,293
Securities owned by Firm—at market value:	
U.S. Government, state and municipal	3,422,735
Other	3,565,114
Demand notes contributed as capital—collateralized by cash and securities	22,022,000
Securities contributed as capital under subordination agreements—at market value	1,009,621
Miscellaneous current assets	840,049
Total current assets	101,467,539
Other assets:	
Exchange memberships—at market value	1,776,950
Furniture, fixtures and leasehold improvements (less depreciation and amortization)	2,595,639
Deferred charges and prepaid expenses	517,689
Miscellaneous	1,701,442
	$108,059,259

LIABILITIES

Current liabilities:	
Borrowings on securities—bank loans	$ 42,169,000
Payable to other brokers or dealers against receipt of securities	12,308,328
Payable to customers:	
Secured accounts and current cash transactions	11,238,378
Free credit balances	14,530,835
Equities in commodity accounts	94,418
Securities sold by Firm, not yet purchased—at market value	935,288
Dividends and interest payable	698,238
Other accrued expenses and accounts payable	3,477,084
Total current liabilities	85,502,219
Capital and subordinated borrowings (Notes 2 and 3):	
Subordinated borrowings (net of $3,903,989 receivable from owners of business acquired) (Note 1)	22,092,278
Capital stock and surplus less deficit	464,762
	22,557,040
	$108,059,259

(*) Audited to the extent indicated in report of certified public accountants. See accompanying notes.

NOTES TO STATEMENT OF FINANCIAL CONDITION

September 26, 1969

Note 1:

Effective February 28, 1969, Blair & Co., Inc. acquired the business (certain assets subject to certain liabilities) of another member firm (now Schwabacher Division). Under certain provisions of a purchase and escrow agreement covering the acquisition, an account receivable was established for the excess of liabilities assumed over assets acquired and for registered subordinated debenture notes and common and preferred stock issued to owners of the business acquired, most of whom became officers and/or directors of Blair & Co., Inc. At September 26, 1969, after adjustments to that date, the amount of the receivable was $3,903,989. This amount is subject to further adjustment. The Company anticipates that the receivable will ultimately be satisfied by the proceeds of liquidations of securities deposited as collateral and/or collateral contributed by certain of the parties. Accordingly, this amount has been deducted from total subordinated borrowings in the accompanying statement of financial condition.

In order to facilitate an orderly consummation of the purchase, assets of the business acquired were transferred by contract, effective February 28, 1969, and losses of Blair Division at September 26, 1969 were absorbed by Blair & Co., Inc.

At September 26, 1969, [illegible] stock was issued [illegible] from Schwabacher Division would be [illegible] $2,000,000 [illegible]

Note 2

Capital stock and surplus in the accompanying statement of financial condition is shown after the deduction of $475,000, the book basis of the Company's investment securities which may require registration under the Securities Act of 1933 in order to make them marketable in the ordinary course of business. In the opinion of the Company's management, these securities currently have a value in excess of their book basis.

Note 3

Subordinated borrowings ($22,517,767 in the accompanying statement), of which $20,817,767 has been borrowed from stockholders, includes $1,400,000 cash which was repaid in November 1969 and $250,000 cash and securities with an approximate market value at September 1969 of $1,700,000, which are scheduled to be repaid or returned at various dates through April 1970.

The Company has repurchased certain of its capital stock for $85,000, of which $15,000 was applied to subordinated borrowings. Effective October 31, 1969, capital stock [illegible] $85,000, subordinated borrowings [illegible] $1,000,000 [illegible]

E460 Defendant's Exhibit 6000

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

The accompanying statement of financial condition of Blair & Co., Inc. at September 26, 1969 represents a combination of the respective statements of financial condition of its two divisions, Blair, formerly its only operations, and Schwabacher, acquired during the year.

We have examined the statement of financial condition of Blair Division of Blair & Co., Inc. at September 26, 1969 (not shown separately). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except that, as explained in Note 1, the scope of our examination was restricted to the books and records of Blair Division and did not include a determination as to whether or not there were financial transactions recorded in the books and records of Schwabacher Division which affected its Blair Division.

In our opinion, except for such adjustments, if any, as may have resulted without the limitation of our examination described above, and subject to the possible effect of the liabilities and accountabilities of Schwabacher Division on the financial condition of Blair Division, the statement of financial condition mentioned in the preceding paragraph presents fairly the financial condition of Blair Division of Blair & Co., Inc. at September 26, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statement of financial condition of Schwabacher Division at September 26, 1969 (not shown separately) was prepared by the Company. Inasmuch as we did not make an examination of it in accordance with generally accepted auditing standards nor of any of its financial transactions since June 27, 1969 (referred to below), we express no opinion thereon. We did examine a statement of financial condition (as set forth in its Answers to Financial Questionnaire) of the Schwabacher Division at June 27, 1969 and reported thereon under date of August 15, 1969. That examination was made on the same basis and our opinion was qualified with respect to the same matters as described above for the Blair Division.

Inasmuch as we did not make an examination in accordance with generally accepted auditing standards at a single date for both Blair Division and Schwabacher Division, whose individual statements of condition are combined in the accompanying statement of financial condition of Blair & Co., Inc. at September 26, 1969, as explained above, we are unable to express an opinion thereon. It is our opinion, however, that the combined statement has been properly compiled.

Arthur Young & Company

December 5, 1969

E461 Defendant's Exhibit 0000

"we enter our 80th year with confidence..."

The period of adjustment that followed our merger with Schwabacher & Co. has just about ended and many benefits—to our company and to our clients—are now becoming apparent.

Our Research Department has been expanded: our Portfolio Review Department has been established: we have made a number of important changes in our computer-oriented Operations Department to improve the many essential services it provides: our Investment Banking and Underwriting Department has been expanded and we have established a new Options Department.

Blair & Co. is now functioning as one firm whose primary objective is to provide services reflecting the highest professional standards. We enter our 80th year with confidence that we will meet this challenge.

Oliver De G. Vanderbilt
Chairman of the Board

James B. Ramsey, Jr.
President

BLAIR & CO., INC.

Offices coast to coast

Our 80th year of service to investors

FINANCIAL REPORT as of September 26, 1969

BLAIR & CO., INC.

Founded 1890
Member New York Stock Exchange and other principal exchanges
Offices coast-to-coast

20 Broad Street, New York, N.Y. 10005 (212) 344-4000
CABLE ADDRESS: OCBLAIR

Defendant's Exhibit 0000

BEST COPY AVAILABLE

BLAIR & CO. INC.
STATEMENT OF FINANCIAL CONDITION
September 26, 1969 (*)

ASSETS

Current assets:	
Cash on hand and in banks	$ 3,425,522
Cash in banks segregated under the Commodity Exchange Act	10,582
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Receivable from customers on secured accounts and current cash transactions	53,312,293
Securities owned by Firm—at market value:	
U.S. Government, state and municipal	3,422,735
Other	3,565,114
Demand notes contributed as capital—collateralized by cash and securities	22,022,000
Securities contributed as capital under subordination agreements—at market value	1,009,621
Miscellaneous current assets	840,049
Total current assets	101,467,539
Other assets:	
Exchange memberships—at market value	1,776,950
Furniture, fixtures and leasehold improvements (less depreciation and amortization)	2,595,039
Deferred charges and prepaid expenses	517,689
Miscellaneous	1,701,442
	$108,059,259

LIABILITIES

Current liabilities:	
Borrowings on securities—bank loans	$ 42,169,000
Payable to other brokers or dealers against receipt of securities	12,308,328
Payable to customers:	
Secured accounts and current cash transactions	11,238,978
Free credit balances	14,530,385
Equities in commodity accounts	94,413
Securities sold by Firm, not yet purchased—at market value	985,283
Dividends and interest payable	638,238
Other accrued expenses and accounts payable	3,477,084
Total current liabilities	85,502,219
Capital and subordinated borrowings (Notes 2 and 3):	
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Capital stock and surplus less deficit	464,762
	22,557,040
	$108,059,259

(*) Audited to the extent indicated in report of certified public accountants. See accompanying notes.

NOTES TO STATEMENT OF FINANCIAL CONDITION
September 26, 1969

Note 1:
Effective February 28, 1969, Blair & Co., Inc. acquired the business (certain assets subject to certain liabilities) of another member firm (now Schwabacher Division). Under certain provisions of a purchase and escrow agreement covering the acquisition, an account receivable was established for the excess of liabilities assumed over assets acquired and for registered subordinated debenture notes and common and preferred stock issued to owners of the business acquired, most of whom became officers and/or directors of Blair & Co., Inc. At September 26, 1969, after adjustments to that date, the amount of the receivable was $3,908,989; this amount is subject to further adjustment. The Company anticipates that the receivable will ultimately be satisfied by the proceeds of liquidations of subordinated secured demand note collateral contributed by certain of the parties. Accordingly, this amount has been deducted from total subordinated borrowings in the accompanying statement of financial condition.

In order to facilitate an orderly combination of the businesses, accounts relating to the business acquired were examined by certified public accountants at June 27, 1969, and those of that division at September 26, 1969 (see Report of Certified Public Accountants).

At September 26, 1969, Blair Discounts, an inactive subdivision of Delaware, had capital stock and surplus less deficit aggregating $[illegible] (including $[illegible] net receivable from Schwabacher Division) which are included in the accompanying statement; $[illegible] and $[illegible] at December 31, 1968 and 1967, respectively.

Note 2:
Capital stock and surplus in the accompanying statement of financial condition is shown after the deduction of $475,000, the book basis of the Company's investment securities which may require registration under the Securities Act of 1933 in order to make them marketable in the ordinary course of business. In the opinion of the Company's management, these securities currently have a value in excess of their book basis.

Note 3:
Subordinated borrowings ($22,517,767 in the accompanying statement), of which $20,810,000 has been borrowed from stockholders, includes $1,400,000 cash which was repaid in November 1969 and $250,000 cash and securities with an approximate market value at September 1969 of $1,700,000, which are scheduled to be repaid or returned at various dates through April 1970.

The Company has repurchased certain of its capital stock for $99,000, of which $15,000 was borrowed to subordinated borrowings. Effective October 31, 1969, capital stock is to be repurchased for 8% subordinated notes (subordinated borrowings). Notes aggregating $1,200,000 due to August and November 1970 have been or are in the process of being exchanged in connection with repurchases taken that date. In addition, convertible subordinated debenture notes (subordinated borrowings) in the amount of $[illegible] were issued for cash subsequent to September 26, 1969.

E462 Defendant's Exhibit 0000

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Blair & Co., Inc.

The accompanying statement of financial condition of Blair & Co., Inc. at September 26, 1969 represents a combination of the respective statements of financial condition of its two divisions, Blair, formerly its only operations, and Schwabacher, acquired during the year.

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In our opinion, except for such adjustments, if any, as may have resulted without the limitation of our examination described above, and subject to the possible effect of the liabilities and accountabilities of Schwabacher Division on the financial condition of Blair Division, the statement of financial condition mentioned in the preceding paragraph presents fairly the financial condition of Blair Division of Blair & Co., Inc. at September 26, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statement of financial condition of Schwabacher Division at September 26, 1969 (not shown separately) was prepared by the Company. Inasmuch as we did not make an examination of it in accordance with generally accepted auditing standards nor of any of its financial transactions since June 27, 1969 (referred to below), we express no opinion thereon. We did examine a statement of financial condition (as set forth in its Answers to Financial Questionnaire) of the Schwabacher Division at June 27, 1969 and reported thereon under date of August 15, 1969. That examination was made on the same basis and our opinion was qualified with respect to the same matters as described above for the Blair Division.

Inasmuch as we did not make an examination in accordance with generally accepted auditing standards at a single date for both Blair Division and Schwabacher Division, whose individual statements of condition are combined in the accompanying statement of financial condition of Blair & Co., Inc. at September 26, 1969, as explained above, we are unable to express an opinion thereon. It is our opinion, however, that the combined statement has been properly compiled.

William Young & Company

December 5, 1969

E 463 Defendant's Exhibit 0000

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Blair & Co. is now functioning as one firm whose primary objective is to provide services reflecting the highest professional standards. We enter our 80th year with confidence that we will meet this challenge.

Oliver De G. Vanderbilt
Chairman of the Board

James B. Ramsey, Jr.
President

BLAIR & CO., INC.

Offices coast-to-coast

Our 80th year of service to investors

FINANCIAL REPORT as of September 26, 1969

BLAIR & CO., INC.

Founded 1890
Member New York Stock Exchange and other principal exchanges
Offices coast-to-coast

20 Broad Street, New York, N.Y. 10005 (212) 344-4[illegible]
4600
CABLE ADDRESS: COBLAIR

E-10—00 J.J.Rush

BLAIR & CO INC.

Founded 1848
Member New York Stock Exchange and other principal exchanges
WESTERN DIVISION: SCHWABACHER

20 Broad Street, New York, New York 10005

SERVING INVESTORS SINCE 1890

NEW YORK FEB 12 '70 N.Y.

U.S. POSTAGE 06

Mr. Kevin Thomas Duffy
Regional Administrator
U.S.Securities Commission
26 Federal Plaza
New York, N.Y. 10007

E 464
Defendant's Exhibit CCCC

Due and timely service of one copies of the within EXHIBIT VOLUME is hereby admitted this 7TH day of APRIL 1977.

.....
Attorneys for APPELLEE
NEW YORK STOCK EXCHANGE

ATTORNEYS FOR APPELLEE
AMERICAN STOCK EXCHANGE

3 COPY RECEIVED
APR 7 1977
MILBANK, TWEED, HADLEY & McCLOY
ATTORNEYS FOR NYSE

1 COPY RECEIVED
APRIL 7, 1977
LORD, DAY & LORD
ATTORNEYS FOR AMEX